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## WEST EUROPE REPORT

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## MOTIVES FOR NEW U.S. NUCLEAR WAR POLICY QUESTIONED

Rotterdam NRC HANDELSBLAD in Dutch 19 Aug 80 p 7

[Text] Some 10 days ago it leaked out that President Carter had put his signature to some directives by which an important change is brought about in American atomic strategy. Whereas hitherto world peace has hung on the silken thread of the certainty that in case of an atomic war Americans and Russians would annihilate each other's population centers wholesale, the leak in Washington seemed to indicate that the Pentagon was now playing with different strategies. The American nuclear rockets, with the greatly increased precision that they have acquired through technical development in the last few years, are now allegedly aimed at military targets in the Soviet Union. That would provide another option. An atomic war no longer need involve punching the red button by which mankind would blow itself up once and for all; room has been made for a military engagement of atomic character.

A nuclear war has thus been made an acceptable military expedient, critics in the United States immediately objected, and the Pentagon and the President had the reproach hurled at their heads that in the present worsening of relations with the Soviet Union they were clearly considering the possibility of a limited nuclear war.

Furthermore, it was pointed out, not without reason, that aiming atomic rockets at Russian military targets (read: rocket bases) instead of cities could only be interpreted as an attempt to develop a "first strike capability," to be in a position to destroy the enemy with one thunderbolt so completely that he would no longer be able to strike back.

Harold Brown, the American secretary of defense, has already reacted to this criticism and let the allies in Europe, among others, know that there is no question of a new strategy, but rather an evolutionary development of which the NATO friends had already been informed. Tomorrow [20 August] Brown is to dot the i's and cross the t's in a big speech.

There is certainly reason to believe Secretary Brown. The situation is not so new. It has long been known that a large part of the more than

1,000 U.S. nuclear warheads are aimed at the relevant military targets in the Soviet Union. There could hardly be any other use for these warheads, considering the crazy number of them.

Moscow, which of course has already reacted sharply to the so-called strategic change of course, knows this just as well as America's friends in West Europe.

Nor is the strategic theory to be found in Presidential Directive 59 brand new. Back in the early 1970's, in the presidency of Richard Nixon, his secretary of defense, Schlesinger, pleaded for the creation of the possibility of carrying on a limited atomic war in which only military targets would be aimed at. The casualties among the civilian population can be restricted through the newly developed precision, according to Schlesinger.

Richard M. Nixon himself said in "U.S. Foreign Policy of the 1970's, a Report to Congress": "The threat of a full nuclear response will no longer be such a credible deterrent as in the 1960's. In the improbable case of an atomic war an aggressor would be more likely to opt for the selective use of a limited number of nuclear weapons for a limited number of targets. No president should ever find himself in the position where his only means of countering such an aggression is a full-scale nuclear response."

That this strategic thinking has now found expression again in a presidential document can best be regarded as a stage in an evolution, although we may wonder whether evolution must be rejoiced at and whether it needs just now, in the midst of the election campaign, to attain documented status.

For us the answer to both questions is in the negative. It is clearly irresponsible to inject such a sensitive matter as strategic atomic thinking into the American campaign, which is not a very uplifting spectacle at best. For it seems reasonable to assume that this represents a campaign maneuver.

President Carter has done nothing here but reverse the Republican reproach that his Democratic administration is making too little threat to the Russians. He has even juggled the figures so that his administration, which has taken years to come up to the level of defense expenditures that prevailed under the Republican President Ford (and which has postponed decisions for years on the development and/or deployment of the MX rockets, the Trident I and II, and the Pershing II) is now presented as the time of drastic arms build-up.

Carter fought hard at the recent convention of his own party for development of the costly MX rocket, which he himself had kept on ice for a long time. Clearly because he wanted to take the wind out of the sails of the Republican criticism of his alleged laxity toward the Russians. Strategic Document 59, which implies that the Americans are about to enter a new period of atomic arms build-up, can also do service to the campaign.

The content of the directive also seems saber-rattling and dangerous. The theory that a limited nuclear war with limited casualties is possible is controversial, to put it mildly. A report by America's best experts in 1975 did not arrive at that conclusion and summed up strong doubts. That the world would be safer if the Russians knew that even in such a limited war they could be stood on their head (Brown's thesis) is improbable. Moreover, the greatest danger in the present world situation seems to be that the two superpowers may think that one can put the other out of action with one blow, and the strategic plan in which each side aims at military targets seems to be moving in that direction with ever greater precision.

The whole thinking of Document 59 seems aimed at declaring a nuclear war a possibility that is not unthinkable under all circumstances. This makes it one of the most dangerous pieces of nonsense to come out of Washington recently.

It is also noteworthy that the presidential document does not appear to seek any solution to the real problem that has arisen from the technical development toward precision.

It might be expected that Washington would be primarily out to maintain its capability for striking back under any circumstances. The renewed interest in the antirocket rocket, which has been slumbering ever since 1975, fits in here, for example. But the most recent strategic document seems to mirror the desperate Russian desire to develop first ~~strike~~ capability rather than to give a flexible response to the strategic situation.

Precisely because the election aspects are so strong, we may still hope that Carter and his colleagues are not definitively under the spell of a new wave of nuclear arms, on the basis of the notion that it may be possible to realize political aims by means of a nuclear war.

It is known that Secretary of State Muskie, who to his great indignation was kept out of the formulation of the strategic document, was opposed as senator to such an evolution of the deterrence strategy. The possibility cannot yet be ruled out that more voices will be raised in Carter's entourage to warn the President against combatting the Reagan plague with remedies that are worse than the disease.

8815  
CSO: 3105



## AUSTRIAN TRADE MINISTER PREVIEWS 10-YEAR TRADE AGREEMENT WITH GDR

AU261345 Vienna WIENER ZEITUNG in German 26 Aug 80 p 7

[Unattributed report on Trade Minister Staribacher press conference in Vienna on 25 August 1980]

[Summary] At a press conference in Vienna on 25 August Trade Minister Staribacher declared that in the first half of 1980 Austrian energy consumption increased only 0.9 percent as against an economic growth rate of 5.5 percent, so that for the first time considerable progress has been made in separating these two economic factors. However, he added, this result was obtained partly as a result of the ample water supply of Austrian rivers which made it unnecessary to put into operation the rather inefficient and outdated steam power plants. Despite this Austria's energy supply can only be secured in the future by continued high foreign currency spending and by a different approach to the economical use of energy. Although the government will comply with parliament's decision to abstain from the use of nuclear energy for the time being, the minister said, he was convinced that in the long run there would be no way to avoid resorting to that form of energy.

Turning to the subject of Austria's economic relations with the GDR, Staribacher declared that a new 10-year trade and payments agreement will be signed on the occasion of GDR State Secretary Beil's forthcoming visit to Austria in mid-September. This agreement will provide the framework for individual business deals that will not be subjected to import restrictions. Staribacher said that in view of its technical and economic potential the GDR is an interesting trade partner for Austria, noting that Austria's small- and medium-sized enterprises could also benefit from the new agreement, especially by exporting consumer goods to the GDR.

There are also good prospects for cooperation in third markets, Staribacher said. In addition to projects already adopted--an oil refinery in Mauritania, a cellulose combine in Cameroon, a distillation plant in Bangladesh, and a foundry and phosphate separating plant in Tunisia--several other joint projects in African and Latin American countries are pending.

According to Minister Staribacher, bilateral trade between the two countries does not yet match the possibilities inherent in the two national economies, with the GDR ranging only 17th among Austrian export markets and only 21st in Austria's imports. In the first half of 1980, Austrian exports to the GDR went up 23 percent to 1.19 billion schillings, while imports from the GDR went up 55 percent to 998.5 million schillings. For the whole of 1980, an export increase as against 1979 by 40 percent is expected, largely as a result of the completion of several large projects under contracts concluded in previous years.

CSO: 3103

## AUSTRIA TO PARTICIPATE IN AIRBUS INDUSTRY

Vienna PROFIL in German 18 Aug 80 pp 34, 37

[Article by Christian Ortner: "Success Is Begotten by Many Fathers"]

[Text] In the aftermath of the Concorde fiasco, experienced aeronautic engineers are impressed by the joint European Airbus venture's dramatic success. As of 1981, Austria will be joining in.

The astronaut Frank-Bertram calls it simply "the best airplane money can buy." Boeing chief Thornton Wilson has flown it and found it "all right." And a member of Lockheed even goes so far as to say it is "the most remarkable resurrection since Lazarus."

They are all talking about the Airbus A 300, the first product of the European aircraft industry seemingly assured of complete commercial success. Until now, the Airbus industry salesmen have collected 415 orders and options. As Bernard Lathiere, the Airbus industry head puts it: "I really do not know the exact number; there are new orders coming in all the time."

The Airbus has thus penetrated the market which until now was an exclusive American preserve. Previously, the production of passenger airplanes was divided between Boeing, Lockheed and McDonnell-Douglas. Until the middle seventies, these three American firms turned out practically all passenger airplanes in the Western World.

The Jumbo jets in particular were an American monopoly until the Airbus came along. European airlines had to send their buyers across the Atlantic. These days, the buyers are headed in the opposite direction. Airbus is in the process of stealing a march on the American airplane manufacturers. Inside of 4 years, the Europeans were able to capture the

market. In 1976, not a single Airbus was sold; by now, some 60 percent of all new orders go to Toulouse where Airbus industry headquarters is located.

In this industrial city in the south of France more than 10 years ago, the European aircraft industry began to line up to challenge American preeminence. By applying gentle pressure and providing hard cash, the German, Spanish and French governments persuaded their ailing airplane builders to come up with a European Jumbo jet. The Airbus industry was founded, initially without the participation of the British government which was still smarting under the Concorde fiasco.

The participating firms\* had suffered a variety of commercial setbacks. Aerospatiale of France was still digesting the Concorde disaster; VFW of Germany had taken a nosedive with its small, short-distance jet.

The birth of Airbus turned out to be correspondingly difficult. Each of the partners had different ideas on what kind of an airplane to build. The Germans opted for a small plane; the French wanted a long-range aircraft and the Spanish were forever short of money.

Once the participating governments gave the go-ahead signal and paid in an additional 15 billion Schillings, the various national construction teams worked out a compromise all along the line.

"Now everyone wants to know who the father of the Airbus was," Arno Evers, spokesman for Messerschmitt-Boelkow-Blohm (MBB), the German Airbus partner, says. "There was no one single person who built it; there were several hundred nameless designers."

In the early seventies, the prognosis was that the Airbus venture was sure to fail. When Bernhard Weinhart, head of the German Airbus Ltd at the time, stated in 1972 that "we will sell at least 400 of them," the American airplane builders merely smiled at the 78 year-old gentleman from Germany for his lack of a business sense.

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\* CASA (Spain); MBB (FRG); VFW (FRG); Aerospatiale (France)



In the meantime, the old gentleman's estimate has been exceeded and the American monopolists are wearing a pained and sour expression.

"We are not about to slash our wrists for losing an order to a competitor," Boeing chief Wilson said at a time when the newcomer's share of the European market had reached 50 percent.

For the time being, the American market gives Wilson no reason to go through with anything as spectacular as that. The Airbus managers have not been able to make inroads in the United States. "It is like trying to sell California red wines in France," Gilbert Galer, head of U.S. sales for Airbus, says in commenting on the American market.

The only exception to the "buy American" rule is Frank Borman and his Eastern Airlines.

At the end of 1976, Borman's airline was just as sick and close to collapsing as the Airbus industry which had not sold a single one of its products for a whole year and was literally fighting for survival. In fact, there is a marker at desktop level in the office of MBB spokesman Evers showing how high the water rose in 1976 when the entire MBB plant was flooded.

While fish were swimming around the landing gear of six unsold Airbuses parked at the Hamburg-Finkenwerder factory, Borman was himself looking for a life preserver to save his Eastern Airlines from going under. At that time, the airline was stuck with an array of uneconomical Jumbo jets which had too many seats and were therefore flying half-empty most of the time.

The banks turned a deaf ear to Borman's pleas. Nobody wanted to lend money to Eastern, teetering on the edge of bankruptcy, to say nothing of the millions Borman needed to revitalize his fleet of airplanes.

Airbus had at that time hired George Ward, a brawler of some renown, and sent him to America asking that he not return to Toulouse without a sheaf of orders.

George Ward had Borman invite him to breakfast. When he entered Eastern headquarters in Miami he ran into a Lockheed salesman leaving the building whom Borman had just thrown out.

Borman and Ward discovered they had a community of interests. Airbus had six airplanes standing around that it wanted to get rid of at any price. Borman wanted to buy some airplanes for as little money as possible.

Airbus rented the planes to Eastern for a half year without getting a cent for them.

Eastern found they could save one-third in fuel costs.

And Airbus found that Borman was ready to order 34 of their planes at a cost of more than DM 2 billion.

The spectacular triumph at Eastern was followed by an equally spectacular defeat at Trans World Airlines. Just a few hours before TWA was to sign an order for 20 planes, Boeing came up with an unique opportunity, offering TWA a loan covering 85 percent of the purchase price of a like number of 767's. Although Airbus would have matched the offer, Boeing did receive the order in the end.

All things being equal, it is the delivery date that counts. In that regard it looks bad for the Europeans. Since plant capacity is not big enough, none of the Airbuses can be delivered prior to the middle of 1985.

"In the next few years we are going to increase production tremendously," Arne Evers in Hamburg says. At present, a new Airbus comes off the assembly line every 11 days; by 1985, it will be two a week.

Stepped-up production raises problems of coordination for the Europeans which can only be solved by a battery of advanced computers. The plants involved in turning out the Airbus are scattered all over Europe.

The wings are manufactured in England by government-owned Aerospace which joined in as a partner at length; the cockpit is assembled in France; the fuselage in Germany, the remainder in Spain and the engines in the United States.

To get the individual sections to Toulouse, a special aircraft, nicknamed the super-guppy, was built which has cargo space large enough to accommodate the Airbus fuselage.

The guppy carries each Airbus fuselage from Hamburg to Toulouse where the sections of the plane are finally assembled. The finished Airbus then flies back to Hamburg under its own power where the interior appointments are installed. And then, back to Toulouse where it is turned over to the customer.

The crucial problem is timing. The Airbus sections manufactured in Hamburg alone consist of 90,000 separate parts which are not needed all at once but spread out over almost 2 years. It is quite a logistic feat to make sure that every single part is available on the exact day it needs to be installed. That is the only way of making certain that the fuselage from Hamburg can be welded to the wings from England on the same day. "Up to now, every Airbus came off the assembly line with two wings," Evers says drily.

As of next year our own Austrian Elin-Union will be part of this European logistic system. Elin-Union managed to obtain a sub-contract from MBB 2 weeks ago. For 100 million Schillings annually, Elin-Union will be processing aluminum parts originating in the FRG, turning them into struts for the fuselage of the newest Airbus model A 310.

This might be a way of cutting Austria's deficit vis-a-vis the Airbus industry in half. The Airbus ordered by Austrian Airlines will cost about 2 billion Schillings. Assuming a 10-year running time for the Elin contract, it would bring back one billion to Austria again.

9478  
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## BRIEFS

AUSTRIAN EAST TRADE--In the 1970-1979 period Austria has succeeded in maintaining its share in the East European markets, except in the Soviet Union where its market share dropped from 3.1 percent in 1970 to 2.2 percent in 1979. Austria's share in the Western imports of the other CEMA countries went up from 7.7 percent in 1970 to 7.8 percent in 1979. Excluding the Soviet Union, Austria's trade with East European countries in 1979 showed a surplus of nearly 6.4 billion schillings. [AU221453 Vienna WIENER ZEITUNG in German 22 Aug 80 p 7]

CSO: 3103



## PRL'S GOL ON PARTY'S PARTICIPATION IN MARTENS III GOVERNMENT

Brussels LA LIBRE BELGIQUE in French 8 Aug 80 p 2

[Interview with Mr Jean Gol, president of the PRL [Party of Reform and Liberty]--by L.W., date and place unknown]

[Text] On the eve of vacation-time, awaited so eagerly in the political world, we asked Mr Jean Gol, president of the PRL, to give us a brief review of liberal participation in the Martens III team. The vote on regionalization is certainly a historic event, and that on the budget bill is indicative of a new tendency. But many important problems remain unresolved: the sanitizing of the finances of the state in depth, balancing the the budget, cleaning up social security. The outcome of these questions, however, will in large part condition the return in September and...future confrontations.

[Statement by Gol] I believe the Martens government has worked well in the first 3 months of its existence. It passed the budget bill and regionalization, which the 3 preceding governments had not been able to do. The vote on regionalization is truly historic. It is too easy to speak ironically today of the indifference of the citizens about these institutions, when we know that for nearly 10 years the political and especially the economic life of Belgium has been paralyzed because this reform could not be put into operation. Further, the federalists of FDF [Democratic Front of Brussels French Speakers], RW [Walloon Rally], and VU [expansion unknown] forget that the proposals just approved go much further, in the direction of autonomy and [toward providing] resources to the regions and communities, than what they themselves proposed several years ago, for example, in the mixed commission that was set up in 1973 by the Leburton government. Regionalization has been a long march, and no one has a monopoly on Walloon and Francophone purity. Who can fail to be aware, for example, of how much regionalization owes to the patient and untiring efforts of a man like Francois Perin?

## Brussels

It is understood of course that this reform is final in Flanders and Walloonis, insofar as any juridical system can ever be final. Unfortunately, it is incomplete: the delicate and difficult problem of Brussels must find a solution through a dialog between the two great communities and the Brusselites. I am persuaded that this dialog will be made easier by a more relaxed attitude, especially on the Walloon side.

[Question] For many, the real problems are the financial difficulties and the economic situation of the country. The elaboration of the 1981 budget is an important element in the situation. Where are we on that today?

[Answer] The main incentive which justified the liberals' entry into the government has been largely realized, namely the lightening of the direct tax burden. The budget bill provides for a reduction of 50 billion in direct taxes over an 18-month period (decumul [translation unknown], splitting, elimination of the TVA on investment) and certain measures such as the decumul will increase gradually each year for 5 years. We had the determination to clean up public finances by a drastic reduction of expenses. The reduction of more than 80 billion foreseen in the 1980 planning law is certainly an excellent beginning. Our partners should be convinced that we have here, by comparison with the existing abyss, only a fragile starting point and that this effort should be pursued radically.

## The '81

[Question] Specifically, the discussions on the budget proposal for 1981 are not all sweetness and light. Will it be possible to stick with the figures laid out in the government statement?

[Answer] The objectives set for the 1981 budget by governmental agreement are extremely strict. The government's task is further complicated by the losses in taxable value, the growth of unemployment and the increase in the price of petroleum products. Nevertheless, decisive action should lead us back to a deficit close to what was originally prescribed. In any case, the greater part of the reabsorption of the deficits must be accomplished by limiting the requests of the departments, by modifying certain hemorrhagic laws. In no case will the liberals, either of the north or of the south, agree to an increase in the direct tax burden, while the budget bill we have just voted moves for the first time to reduce it.

[Question] There remains social security...

[Answer] Our idea in matters of social security is, contrary to what is often said, it is a progressive policy. The conservatives are not the people one thinks. If social security goes bankrupt, it will be the humblest, the most wretched who will pay the price. If we overcome the deficit basically by increases in assessments or cutbacks, it will be the active agents of

the economy, businesses, skilled workers and cadres who will be discouraged. Consequently, our view is that social security should be more selective and reserve the benefits foreseen to those who have most need of them, even if it means modifying certain things inherited from the period of prosperity and which today are much less justifiable. Certainly, we are aware of the necessity of the famous triangle (state intervention, cutbacks, and cleaning up), but there cannot be cutbacks without serious economies and the accent should be placed above all on quality and on building on the improvements. Besides, the cutbacks should be compensated, for businesses, by maintenance of the overall social burden at the level preceding the cutback, which means that they should be accompanied by an effective moderation of wages. The cutbacks for the [professional] cadres should be compensated by improvement in benefits, especially in the pension area.

The liberals cannot go along with the submission of a framework law, [a move which would] moreover be actively and justifiably criticized by the Council of State if this plan specifies precise cutbacks, increased assessments and state intervention, and later rejects the economies, without one knowing if we have real [clean-up] reform and not counterfeit.

9516

CSO: 3100

## GOVERNMENT PASSES 1981 BUDGET

Brussels LE SOIR in French 12 Aug 80 p 2

[Article by J.v.S.--passages between slantlines originally published in boldface]

[Text] In order to restructure a relatively discriminatory tax law and to be assured of additional revenue (gain: 3 billion), the government has decided to increase the Value Added Tax (TVA) on fuels (automotive and diesel gas and LPG natural gas) from 16 to 25 percent. With what consequences?

There will be no increase [in the price] for gasoline, since excise duties will be reduced by the same amount, but businesses will benefit from it since they can deduct the TVA in their tax declaration. For non-professional consumers, the measure will have no effects. Up to now at least; the TVA share increases with augmentation of the price of oil.

Diesel gasoline will cost about 1.50 Fr. per liter more at the pump because of the increase in TVA, but also because of an increase in excise tax; the difference in price between gasoline and diesel fuel, which has recently been growing, will thus shrink, but remain around 8 francs. Let us note that professionals and businesses will only bear a portion of this increase, since it is basically due to TVA.

The excise tax on LPG (liquified petroleum gas) is reduced, but TVA is increased by an equal amount.

Also, the TVA on fuels other than coal is brought to 16 percent. This measure affects natural gas, which up to now has been less stiffly taxed than petroleum products and fuel oil. But the excise on these products is reduced, so that heating oil, for example, will as a



result be about 40 centimes cheaper per liter. Here again, businesses will be saved from the increase by the deductibility of the TVA.

Another decision of great moment: a 2 percent pension deduction will be taken out of all public sector salaries.

No less than 10 ministers were present Saturday afternoon at the private hotel on Lambermont Street, to explain to the Belgian and foreign press the many decisions made by the government during the past week. Interest was obviously centered on the budget figures for 1981.

Before going into details, we will mention that estimates for current operations come to 1,194.9 billions in expenses (or an increase of 8.2 percent over the initial 1980 budget, and of 7.6 percent over the same year's adjusted budget) and 1,104.2 billion francs in revenue (or an increase of 8 percent over the initial 1980 budget and 9.3 percent over the same year's adjusted budget). The anticipated deficit thus rises to 90.7 billion, whereas for the initial and adjusted budgets of 1980 the respective figures were 82.1 and 100.7 billion francs.

To achieve such an outcome without a direct tax increase and without creation of new duties, there has obviously been a solid and sober effort made in every ministerial department. Thus, for example, the Liberal minister of national defense, Charles Poswick, ended up having to be satisfied with an increase of 8.3 percent in his budget, although he was asking for 10 percent.

For 1981, the net balance to finance--which in large part corresponds to the growth of the public debt--is figured at 242 billion, which represents 6.4 percent of the gross national product, compared to 7.3 percent in 1980.

Looking at current expenses, the total for 1981 is estimated at 1,194.9 billion, which represents an increase of 7.6 percent compared to the 1980 adjusted budget. The government has thus opted for a budget of zero growth. In fact, as Prime Minister Wilfried Martens emphasized, the percentage increase in total current expenses is no greater than the nominal growth in the GNP, anticipated to be 7.6 percent in 1981, despite the growing cost of the public debt and the fact that the national budget will continue to be strongly influenced by persistent unemployment and by all of the efforts made in the field of social security.

#### Public Employment: 2 Percent Less

Now the head of the government has announced a decision which risks involving him in some disputes with the employee organizations of the public services:

"In order to keep down the increase in pension costs and to guarantee the payment of public sector pensions, a pension deduction of 2 percent is

established on all public sector salaries; it will be going into effect at the time of the increases in salaries and pensions based on changes in the consumer price index. The assessment should produce 6 billion."

Elsewhere, for appropriations covering subsidies to social security, an overall budgetary envelope of 202.3 billion has been set for 1981. This represents an increase of 12.7 percent. Further, the effort toward integration of social welfare payments will be continued in 1981. One billion francs are allotted to that end.

#### Still Struggling Against Fraud

Let us stay in the area of current revenue (1,104.2 billion, including 1,065.2 billion in taxes and 39 billion from non-tax sources).

After insisting that the progressive slope of direct taxes has been curbed, the minister of finance declared:

"Beyond the measures taken to benefit two-income households (decumul) [translation unknown] and one-income households ("splitting"), other measures taken in the framework of the budget bill recently approved by the chambers will obviously continue to affect the 1981 budget and the economic situation: ending the 5 percent residual TVA tax on investments, amelioration of tax problems connected with cadastral equalization, doubling of the exemption on savings deposit earnings, raising to 100,000 Fr. the minimum tax base, reduction of taxes on isoles [translation unknown] with net taxable income less than 400,000 Fr., additional reductions for households with children, etc."

All these measures are, obviously, not of a kind to increase the tax revenue of the state. We know that the budget bill, formerly the planning bill, anticipated some slide toward indirect taxation. Mr Hatry said that, for the "revenue" side of the 1981 budget, the increase by comparison with the 1980 budget results mainly from a better perception, without an additional tax burden, in other words a strengthening of the struggle against tax fraud.

We will also mention that the National Lottery will earmark a portion of its 1981 revenue for the budget for specific purposes.

In conclusion, Mr Hatry said, the revenue side of the 1981 budget already expresses, in itself, one of the major elements of the policy which the government plans to accentuate next year: significantly curbing increases in taxation to enable businesses as well as citizens to contribute all together to the essential recovery of the economy and, ultimately, of the country."

#### Capital operations

The total of capital expenditures is estimated at 165.7 billion, or an increase of 0.7 percent over 1980.

For next year, a program of 188.1 billion in public investment, equivalent to the liberal 1980 program, will be distributed in identical manner.

Beyond this, a supplementary installment of 9.4 billion, or 5 percent of the 1980 investment program, will be written into the 1981 budget and divided up for a selective reorientation of public investments.

Outlays tied to public investments will be 10 percent higher than in 1980.

As to capital returns, they have been estimated at 14.4 billion francs.

#### Adjusted 1980 Budget

The government has also finished its adjustment of the current year budget.

Current expenses rise to 1,110.5 billion, which represents an increase of 6.2 billion (or 0.56 percent) over the initial budget.

According to Mr Martens, this increase should mainly be attributed to the inevitable additional appropriations for the public debt and the national departments of education, which have always been able to be compensated in large part by decreases in other appropriations.

As to current revenue for 1980, it is re-estimated at 1,009.8 billion, or 12.4 billion (or 1.2 percent) less than the total anticipated in the Ways and Means budget. This situation results from a 19.7 billion decrease in tax revenue and an increase in non-tax revenue of 7.3 billion compared to the initial budget.

9516

CSO: 3100

## VBO SUGGESTS CURTAILING SOCIAL SECURITY EXPENDITURES

Brussels DE STANDAARD in Dutch 24 Jul 80 p 1

[Article signed "H. DER.": "Less Support for 'Coresident Unemployed,' VBO Savings Plan: 30 Billion Less in Social Security Benefits"]

[Text] The executive board and the research service of the Association of Belgian Enterprises (VBO) have completed an economy plan which formulates recommendations designed to compensate for the deficits to be expected in social security next year entirely through economies. This plan, we assume, must already be in the possession of the highest ministers, but because of the pressing negotiations concerning constitutional reform it is not certain that they have already been able to find the time to take notice of it.

As we know, the social security budget deficit has been estimated at from 30 to 36 billion Belgian francs for 1981. The VBO savings plan calls for savings of a round figure of 30 billion Belgian francs and there is a variant in which the savings mount up to 38 billion.

According to rumor, the savings plan involves three sectors: unemployment, child allotments, and health insurance. Beyond that, as a general rule it calls for the introduction of equalization of tax pressure on regular and replacement incomes.

#### Unemployment

In a recent television interview, VBO chairman Pulinckx said that in his opinion 15 percent can be saved in unemployment, perhaps about 12 billion Belgian francs. The VBO is said to make a distinction--reminiscent of proposals by former Dutch socialist Premier Joop Den Uyl--between heads of households, singles and "coresidents." For heads of households and singles practically nothing would be changed. "Coresidents"; i.e., spouses and children, would only be entitled to unemployment benefits for a limited time and after that would have to rely on the legislation relating to guaranteed subsistence [support payments], perhaps after an inquiry into the means of support.



For "coresidents," unemployment benefits are a form of supplementary family income according to the VBO savings plan, and savings can be made here without disrupting society. A savings of 12 billion Belgian francs can be expected from this measure if at the same time the waiting period for those who have completed their studies is extended from 75 to 150 days. If the amount to be paid out in support payments is made a function of the means of support, the savings would run up to 20 billion Belgian francs. It was calculated that in about 70 percent of cases unemployment benefits can be considered supplementary income.

With respect to the child allotments, the VBO is said to have proposed transferring the surplus to the pension sector, which is beginning to run up a deficit. The VBO is also said to wish to see the school allowance (14th month) awarded only after the age of 6. Too, the child allotment would also be dropped for only children 3 years and older.

In health insurance, the VBO is said to want the patient's portion to be made mandatory and raised back to 25 percent of the conventional fee. It is now lower. Furthermore, a token fee would have to be introduced for those on pensions and for all technical services. Besides that, the VBO savings plan is said to call for numerous other corrections to regulations and for certain standards to be made stricter.

In bilateral contacts with Minister of Social Welfare Dhoore and his colleagues, the VBO has already made the government aware of its intentions with regard to this savings plan. Minister Dhoore has made it known that the plan will not make the welfare deliberations any easier and that--pending further orders--the government is maintaining its position: the deficit must be eliminated in three ways, that is, through increased premiums, savings and increased government contributions. There is still room for negotiation as to the extent of each of the three methods.

6940

CSO: 3105

## PLANNING BUREAU MAPS OUT COURSE FOR INDUSTRIAL DEVELOPMENT

Brussels DE STANDAARD in Dutch 29 Jul 80 p 3

[Text] In its "Outlines of the 1981-1985 National Plan," the Planning Bureau sketches what in its opinion the goals and the means to be employed in industrial policy must be.

The existing means are roughly sufficient, so the Planning Bureau judges. They must simply be employed more selectively and in particular they must be augmented by government orders, but support for research and development and by easing the access to export markets.

The entire chapter on industrial policy has a voluntaristic, not to say an interventionist allure. According to the Planning Bureau, even economies in energy use require greater government intervention, in part through the establishment of standards. The complaint that Planning Minister Desmarets and the Planning Office are heading in the direction of a neoliberal strategy thus cuts just as little ice as the observation that this is a purely economic plan which takes no account of social concerns.

According to the Planning Bureau, the crisis of the past few years emphasizes the capital importance of industrial policy. Industry still guarantees more than 30 percent of overall employment, even though in the period from 1974-1979, 200,000 jobs--one-sixth of industrial employment--were lost. The flourishing of the service sector depends on the dynamism of industry, and the added value which is realized in industry must finance the development of the services which stand outside the marketplace, such as education, health services, recreational services and culture. Trade in industrial products forms the most important point in balance of payments and the restoration of that balance depends primarily on an improvement in the structure of our industrial exports.

#### Dramatic

A comparison between the averages of the period 1965-1973 and 1973-1978 gives a very dramatic picture. The growth rate (in each case in terms of

constant prices) of added value fell from 7.1 percent to 1.2 percent, that of exports from 10.3 to 2.9 percent, that of imports from 11.2 to 4.3 percent, that of investments from 2.6 to -5.8 percent and that of employment from 0.1 to -3.3 percent.

Since 1965, the complexity of industrial activities has gradually been declining. Expressed more precisely, Belgian industry is becoming ever more dependent on the importation of raw materials and energy at the expense of added value. Parallel with that it is becoming increasingly dependent on exports. That limits the chances for stimulating domestic demand and it also aggravates the results of an increase in domestic costs.

Policy directed towards maintaining the parity of the Belgian franc with the hard currencies, and the high level of the cost of labor have obliged Belgian industry to compensate for its high costs by rationalizing its production apparatus. Thus Belgium has attained a very high level of productivity and has accepted a faster rationalization and an appreciable reduction of industrial employment.

According to the Planning Bureau, any renewed industrial development must take place on three levels: restructuring the branches of industry and the firms affected by the crisis; reconversion of activities without a future, and diversification of industrial activity towards products and services with a higher added value, with highly qualified labor forces and with a high technological content. The most important of the three elements is the diversification.

A preliminary requirement so that this diversification can become a reality is the execution of the general macroeconomic strategy recommended by the Planning Bureau: 1. maintaining the parity of the [Belgian] franc; 2. reducing the industrial costs; 3. reducing the importation of energy through an ambitious program of rational energy consumption; 4. bringing the public finances back into balance by limiting expenditures and seeking a suitable means of financing social security; and 5. a series of additional measures to benefit employment.

For a policy of industrial renovation based on a strategy of specialization, the Planning Bureau sees a number of areas where relative advantages can be attained. It cited in particular the refrigeration industry, organic chemistry, mechanical construction, subsectors of chemistry, phytopharmaceutical products and various specialties in the so-called traditional branches of industry.

It also sees new opportunities in energy conservation and the new sources of energy, in conservation and substitution of raw materials, in microelectronics, in the "social technologies" (equipment and systems in the area of education, working conditions, the third age and leisure activities) and in biotechnologies (based on biological processes) in the interest of agriculture, foodstuffs and branches such as the chemical and pharmaceutical industries.

6940

CSO: 3103

## DENKTAS DENIES TURKISH FORCES ARE OCCUPIERS

Nicosia BOZKURT in Turkish 27 Jul 80 p 1

[Text] Nicosia--Head of State Rauf Denktas called the Chairman of the Greek Cypriot Assembly Mikhailidhis's description of the Turkish peace force on Cyprus as an occupation army, much like the Israeli forces in Palestine, an arrogance, an inexcusable rudeness and a shameful lie. People who gathered under the bloodsplattered banner of Hellenism and the Greek Cypriot Orthodox Church and launched an 11-year campaign to annihilate the Moslem Turkish Cypriot community were halted in their tracks by the glorious Turkish army, Denktas said. Under the circumstances, he continued, these people cannot be expected to use a humane and fair approach in their judgements. The president noted that it was the glorious Turkish army which saved Cyprus from Greek Cypriot pillagers and a Greek invasion, brought to an end the 11 years of oppression and inhuman attacks intended to annihilate the Moslem Turkish Cypriot community, thwarted attempts to annex this Moslem Turkish island to Greece, and finally, preserved the island's independence and nonalliance.

## The Jerusalem Incident

President Denktas noted that an honest, frank and realistic man, who will speak the truth, must emerge from the Greek Cypriot community as a leader. Mr Denktas also disclosed that he has signed the decision of the Turkish Cypriot Federated State condemning Israel for its proclamation of Jerusalem as its capital, and that the decision will be published in the RESMI GAZETE [Official Gazette]. President Denktas referred to the decision as a historic one in the Islamic world and stressed the need for the Islamic world to unite around this and other decisions and actions of a similar nature.

7244

CSO: 4907

## POSSIBLE CABINET CHANGES IN NEW SCHMIDT ADMINISTRATION

Munich SUEDEDEUTSCHE ZEITUNG in German 11 Aug 80 p 3

[Report by Martin E. Sueskind: "The Magic Quadrangle Remains Taboo--Speculation About Schmidt's Next Team 8 Weeks Before the Election--For a Start, Coalition Victory Probably Will Not Entail Great Changes in Government or in SPD and FDP Bundestag Leadership"]

[Text] Bonn, 10 August--"If you will, call it ambition; or you can describe it, less dramatically, as a sense of duty." Thus Helmut Schmidt answers the question of a couple of correspondents as to what actually motivates him--a passion for politics, or perhaps ambition? The mention of duty sounds familiar coming from the federal chancellor; it is also credible to those who know that the honorable burden of the office of chancellor does not guard the incumbent from surges of human emotion which occasionally explode in the elemental outburst that now he has really "had enough."

Such moods, as Schmidt himself admits, do not last long. The critical mixture from which a politician constantly draws a new supply of energy has a more powerful effect than personal despair at the trials and tribulations of the job that break through occasionally. The vital elixir is power. Once one has reached the top, he simply cannot do without the (not to be underestimated) insignia of power, the symbols of recognition that have become pennants of command.

It is rare for a minister in Bonn voluntarily to resign his post, particularly before others get ready to tear him apart politically. An experienced FDP observer remarks aptly: "In the case of many persons who actually have long been wanting to quit, I have noticed a uniform behavioral reflex as soon as the date drew near; they then move heaven and earth in order to be nominated or appointed again after all."

The date is drawing near. Though for a start the voter will have the floor on 5 October, this does not prevent today's officeholders from giving a lot of thought to their continuing employment, particularly since all of them find it very unlikely that someone other than Helmut Schmidt will preside over the government in Bonn in the fall.



The number of ministerial appointments to be made is 15, or perhaps even 16 if it is decided to separate the double portfolio of transport and post. Of these, 4 "belong" to the FDP, leaving 11, or at most 12, posts for Social Democratic ministers. The majority figure that they will stay, and some expect a switch in portfolios. A small minority--perhaps two, or at most three--are afraid that many new names will be added, possibly in their stead.

There are many provisos in the speculation and planning games concerning Schmidt's next government, even leaving the election outcome aside. Will the election results give the federal chancellor greater elbowroom for personnel changes? Does Helmut Schmidt in fact feel the urge to start his third administration with a sapping major reshuffle? The magic quadrangle is formed by Helmut Schmidt, Hans-Dietrich Genscher, Herbert Wehner and Wolfgang Miachnick--the coalition leaders in the government and the Bundestag.

Will Miachnick be leaving? "He won't rack either his brains or his tongue over that," says Eberhard Hofmann, his longtime assistant, after checking with him. The chairman of the FDP in the Bundestag is among those few in Bonn who have long since put fulfillment of their duty in the place of career considerations. It is almost 9 years since, on his 50th birthday, Miachnick solemnly gave his reasons for his stand on this subject, and nothing has changed since. Presumably he will stay once again, and only if his health were to spoil his plans, would Hans Guenter Hoppe become his successor.

Will Wehner be leaving? The chairman of the SPD in the Bundestag once said that he would "pull the cart as long as the cart is willing." Turned around, it rather appears to be a question of a shoe: however many SPD deputies may consider it necessary for Wehner at long last to give way to a successor, they are unable to prevail as long as the old man does not take the first step himself. To be sure, after the elections therefore, attempts will be made to improve the political leadership at the head of the party in the Bundestag so that breakdowns, such as have been happening frequently of late, will be avoided in the future. Probably the ones to be affected will be the managers of the party in the Bundestag--Helga Timm perhaps, Konrad Porzner or Gerhard Jahn--but not Wehner himself, at least not during the first year of the new legislature.

Candidates for the post would be available, such as Hans-Jochen Vogel, for instance, or Hans Apel--in any case, someone who from this position would have to take up the fight for the succession in 1984 without losing much time if the chancellor should retire. But who could make a start for it as long as Wehner stays--and from what position?

"For a start Helmut Schmidt will make do with the minimum," guesses a minister's adviser who, though he has lost many a bet, has always done quite well in speculations about personnel. The minimum means that, at least for the beginning of the legislative period, most SPD ministers and all FDP heads of ministries will remain in the government--Hans-Dietrich Genscher (foreign affairs), Otto Graf Lambadorff (economics), Gerhart Baum (interior) and Josef Ertl (agriculture) of the FDP, and Hans Apel (defense), Hans Matthoefer

(finance), Hans-Jochen Vogel (justice), Juergen Schmude (education), Dieter Haack (city planning), Egon Franke (inner-German relations) and Volker Hauff [research and technology] of the SPD. On the other hand, four Social Democrats may be facing dismissal--Herbert Ehrenberg (as yet labor), Antje Huber (as yet health), Rainer Offergeld (as yet development aid) and Kurt Gscheidle (as yet transport and post).

Gscheidle has lost his election district and does not want to be transport minister any longer, and it has become doubtful whether, as he would love to do, he will be allowed to continue as post minister.

Hellmuth Becker, a manager of the SPD in the Bundestag, is under primary consideration and, one hears, has the confidence of the postal trade union--which is vital in this case. Schmidt would like to appoint Volker Hauff transport minister. He certainly would have the approval of other ministers, who would be delighted to see the young research minister get a job that he might not be able to cope with. To be transport minister means above all to place the Federal Railway on a sound footing again--a mission fraught with risk, which is also a reason why Hauff would like to be charged with it, because to be successful would mean no less than to break through to the team of leading SPD politicians. Andreas von Buelow might then become minister of research.

No doubt Volker Hauff could imagine even better jobs--for example, a ministry of labor and technology combining responsibility for the labor market field with responsibility for structural economic trends which are bound to develop in the next few years as a result of new technologies. A dream task for an ambitious man who as research minister in these very questions hit the limits of political practicability, and barriers set for him primarily by the minister of economics.

Such a reorganization really would make sense, particularly from the point of view that then two further ministries could be set up in such a way as to enable them better to cope with the actual tasks--a ministry of labor and a ministry of health. Anke Fuchs, as yet state secretary in Herbert Ehrenberg's Ministry of Labor, would be the woman to head a ministry for social affairs formed from both components. While having barely missed becoming SPD deputy chairperson last year, she is universally considered qualified to head a ministry, her colleague Antje Huber, as yet minister of health, has long since ceased to be regarded as being of that caliber. "Huber is on the way out," prophesies an observer of cabinet matters, enumerating the many instances when she made political mistakes. "No, no, Huber is staying," says another, who evaluates her residual power in the party as great--perhaps greater than it is by now. The decision has not yet been made. Anke Fuchs probably will come on the scene, however, even if her ministry, the Ministry of Labor, remains as it is for the time being. The question as to what will then become of Herbert Ehrenberg is met with a shrug: "Perhaps the party in the Bundestag?" This is where the circle closes in the eyes of many.

Egon Franke has been found to be a hard nut to crack by quite a number of people. What is one to think of rumors that the powerful boss of the party

"drudges" in the SPD in the Bundestag will have to cede his Ministry for Inner-German Relations to Juergen Schmude? Only one augur is prepared to take a definite stand, saying: "I would bet my head that Franke stays; he is the best man for that superfluous ministry." Rainer Offergeld, since the time when he proved weak in defending the government nuclear energy line in the Baden-Wuerttemberg SPD, and recalcitrant in government deliberations about development aid objectives, has ceased to count among the chancellor's favorites. And what about Dieter Haack, whose housing ministry the FDP has all along proposed to eliminate? He himself believes that he will stay, if only for the simplest of reasons: the losses resulting from the organizational friction connected with a split of the ministry would be too great.

According to an unwritten law of the SPD-FDP coalition, each side decides independently of any influence by the other side about who is to fill its ministerial posts. All the rumors notwithstanding, there is no inclination among the FDP to redistribute the ministerial posts. Rumors circulated in Bonn some time ago that Josef Ertl was thinking of retiring, and there even was talk of the Ministry of Agriculture being surrendered to the SPD. Premature speculation, says a leading FDP man who has heard about the Bavarian conservative Liberal's plans to retire too often not to realize how quickly these also in Ertl's case give way to the "behavioral complex" as soon as the "date" draws near. "According to all available information, he is staying." A man ready to succeed him would be Georg Gallus, who as parliamentary state secretary knows his way around in the ministry and is being pressed by his party friends in Baden-Wuerttemberg to assume the post. The unheard-of thing happened: in a Land executive session Gallus' Wuertembergers have already openly voiced their support for him despite the fact that the Bonn post has not yet been made available by any means. Ertl is now being protected primarily by the fact that he cannot very well be forced to retire without his Bavarian Party organization, of which he is chairman, suffering a painful loss of prestige in the election campaign confrontation.

#### Does Not Feel Like Giving Way

"With us, as things stand now, everything will stay the same," prophesies a Free Democrat in the know. This prediction also extends to Hildegard Hamm-Bruecher as state minister at the Foreign Office, concerning whom some ambitious talk is making the rounds these days. Mrs. Hamm-Bruecher was planning to become development aid minister, it was said, but this was quickly denied again sub rosa. This woman, who at one time made a brilliant career in Land politics in the field of education, does not lack self-confidence. The fact that, in the event Hans Dietrich Genscher some day for reasons of health should drop out as foreign minister, she has said she is ready to assume that office, and even has staked a claim for it, belongs among those incredible Bonn stories which are true although they have nothing in common with a foreseeable future reality.

Helmut Schmidt in the meantime is steering toward an election victory which, the pollsters agree, Franz Josef Strauss can hardly deny him any longer. The federal chancellor too, in the expectation of new duties, has pushed the horizons of his tenure further into the future. His reply to the routine question about the future asked by correspondents Hans Schmitz and Hans Werner Kettenbach of KOELNER STADT-ANZEIGER, if nothing else, leaves no doubt about one thing: Helmut Schmidt does not at all feel like giving way to someone else as early as in 1982, for instance. He says: "The federal chancellor is elected for a period of 4 years. I must decline to speculate today about what will happen after those 4 years or later."

8790

CSO: 3103



## FOREIGN MINISTER DISCUSSES CYPRUS, NATO, ARAB ISSUES

London AL-HAWADITH in Arabic 27 Jun 80 pp 37-38

[Interview with Foreign Minister Konstantinos Mitsotakis, Conducted by Huda al-Husayni in Athens; date not given]

[Text] Greece--people, destiny and government--is going through a very critical stage. For this reason, government officials there avoid comment on any Arab or Western event which might force them into any premature commitment, especially as the government of George Rallis has not finished drawing up its anticipated policy program, and the Greek opposition, led by PASOK Party Chief Andreas Papandreou, is benefitting from the domestic situation and trying to precipitate problems.

Greek political circles are talking about the conferences in which Greece has participated and will take part, especially the conference of NATO foreign ministers which began Wednesday in the Turkish capital of Ankara.

Therefore, the Greek government, represented by Foreign Minister Konstantinos Mitsotakis, was ready to receive American Assistant Secretary of State Matthew Nimitz, who arrived in Athens on 23 June, to discuss with him the issue of American military bases and Greece's return to the NATO military fold before he goes on to Ankara.

It appears that Mitsotakis, who went by himself to Ankara, expounded first to Nimitz in Athens and then to American Secretary of State Edmond Muskie in Ankara his government's stance on these issues: i.e., the complete guarantee of whatever Greece requires for its defense needs, in order to strengthen the flank of the eastern Mediterranean states. As for American military bases in Greece, it seems that the Greek government, in any American-Greek negotiations, has taken into consideration the situation which would result from any new American-Turkish agreements. As Prime Minister Rallis has stated, Greece is looking for real military and political equilibrium in the region.

However, some diplomatic observers are saying that Greece's return to the NATO military fold is inevitable, but will not be at Turkey's expense. The



NATO states need Greece for the sake of the eastern Mediterranean, but its return apparently depends on what guarantees are given to Turkey. That is, the arming of Greece will never go so far as to give it pre-eminence over Turkey, which has a strategic location, for geographically it directly faces the Soviet Union. Therefore, Greece will always be the Number Two friend, just like America's relation with Israel and Egypt, in which Egypt will always be Number Two.

While the Greek left does not expect the Greek government to succeed in solving its problems with Turkey, especially the Cyprus and Aegean Sea problems, it rejects any type of Greek return to the NATO military fold. It justifies its rejection by saying that the United States is exploiting the two states, Greece and Turkey, for its own benefit, because of the continual chaos in the region.

At the same time, those loyal to the Greek government say that the Cyprus issue is not a domestic one, and they express their fear that the Cypriot Communist party might win in the island's upcoming elections. In their view, a Communist victory would mean that the island would fall under Soviet domination, which might lead to Turkey's occupation of new areas and therefore to the further aggravation of the Greek crisis.

At the same time, some Greek political circles have returned to the old American plan as a solution to the Cyprus issue. This plan calls for partitioning the entire island into two parts--one for Greece and the other for Turkey.

All these issues on the minds of Greek and diplomatic circles, in addition to those pertaining to Arab-Greek relations, I put into question form in order to present them to Greek Foreign Minister Konstantinos Mitsotakis. But I was taken by surprise by officials from the minister's office, who placed "limits" on these "persistent" questions.

[Question] NATO--an urgent issue!

[Officials] We would like to cross off this question.

[Question] What about relations with Turkey, especially since the minister will meet with Turkish officials?

[Officials] We would like to change the "wording" of the question.

[Question] And domestic opposition?

[Officials] You are writing for an Arab newspaper.

[Question] And the Cyprus issue?

[Officials] Leave it to us; it is our issue.

[Question] And Greece's and Turkey's military preparations around the Aegean Sea?

[Officials] Limit the questions to Arab matters.

[Question] American military bases constitute a danger to the Arab states and the Middle East.

[Officials] There are American military bases in Arab states. Cross out what I said. We don't want to arouse anyone's sensitivities.

[Question] Defense Minister Averof is determined to have the bases, and the prime minister says that this is conditional.

[Officials] You have alluded to the PLO statement. Don't you think that you should limit your questions to matters concerning the Arabs? The minister's time is very limited.

I got the feeling, between me and myself, that the critical point in Greek policy had reached the point where they would refuse to pursue any political aspect which might arouse questions, even purely domestic ones and not only foreign ones.

The solution? I was at the foreign ministry, and I set the appointment with the minister for after the hottest part of the day in Athens, where the temperature goes over 40 degrees Centigrade. I agreed to cut out the questions rejected by the officials at the foreign ministry, and I re-worded the questions pertaining to Arab issues. My command comes from God. Here is the text of the "limited" interview.

[Question] Greece is considered a country friendly to the Arabs. What about your existing relations with the Arab states, especially in the economic field? How do you expect the Middle East issue and the Lebanese problem will be solved?

[Mitsotakis] Our Arab relations are excellent. In the economic field, there is a remarkable increase in mutual cooperation, especially in recent years. From 1973 until now, Greek exports increased sixfold.

On the political level, from the start we supported and are supporting the Arab side in the Middle East problem. This real political support on our part is not a result of the developments which occurred with the increase in Arab oil prices, but is a firm support which began when the Middle East problem began, because of our belief in this right, and because of the common goals which we share with the Arabs.

As for the Palestinian cause, Greece's Arab is not subject to any doubt. We are for complete withdrawal from all the lands which Israel has occupied since 1967, and recognition of the legitimate rights of the Palestinian people, including the right to self-determination.

As for the Lebanese problem, Greece's stand has always been one of demanding the consolidation of the Lebanese government's authority over all Lebanon.

[Question] What is your reaction to the recent violent incidents on the West Bank?

[Mitsotakis] We expressed our reaction against this violence through statements in which we strongly condemned such acts. We condemned the persecution and oppression to which the elected West Bank mayors are exposed. We are standing alongside the appropriate solutions adopted by the Security Council.

[Question] We have heard that Greece has been exposed to a great deal of world pressure, and that in return for your acceptance into the European Common Market in 1981, you were requested to officially recognize Israel. Was this pressure American or European, and where do you stand?

[Mitsotakis] So far, there has been no such pressure on Greece. On the whole, we are dealing with our future partners in the European Common Market on the basis of mutual understanding and consultation, and not on the basis of pressure.

[Question] When Israel learned that the attitude of European governments towards the PLO had begun taking a positive form, it began to concentrate on the parliaments. Israel succeeded in making the European parliament (in Luxembourg) issue an order to the Common Market states to provide Israel with economic aid. How will you deal with this decision next year?

[Mitsotakis] When we become members of the European parliament, we will be in a position to comment on the decisions taken by this parliament.

[Question] When will you permit the PLO to open an office in Athens?

[Mitsotakis] We have informed PLO officials that they will be able to open an office in Athens similar to their offices in Common Market states. We recently received from the PLO positive indications of an agreement to open an office in Athens in the near future.

[Question] Will you visit Arab countries?

[Mitsotakis] The foreign ministers before me, and I myself, have received many invitations to visit numerous Arab states. We have accepted in principle, and the only thing left to do is to determine the date and nature of the visits.

[Question] It is said that the basic problem between you and Turkey is due to the oil in the depths of the Aegean Sea. What is your response to this?

[Mitsotakis] We always desire friendly and cooperative relations with Turkey. But achieving this goal requires a real desire on the part of both sides

concerned with the matter. Many times we have expressed our good intentions to overcome the difficulties facing our relations with Turkey, through many consultations or by placing the difficulties before international authorities. But we have not achieved the expected results, in spite of all the negotiations. Greece is not responsible for this failure, for Turkey has vehemently refused to even refer to these differences in international meetings.

Oil is not a problem between Greece and Turkey. The real problem is the existence of a real bilateral desire for real cooperation, for avoiding side issues, and for reaching sound solutions based on international law.

8559

CSO: 4902

## 'L'UNITA' VIEWS EFFECT OF POLISH EVENTS ON EAST-WEST DIALOGUE

LD280805 Rome L'UNITA in Italian 23 Aug 80 pp 1, 13

[Editorial by Alfredo Reichlin: "Marble Man"]

[Text] There is, in the way wiser and more responsible political forces are reacting to events in Poland, something new and unprecedented, something striking inasmuch as it presents a chance (at last?) of advancing the exchange of views, the struggle, the dialogue of little. There is very clearly great concern regarding the future of an international balance, already so precarious. And there are many other manipulatory calculations. But there are also the beginnings of a mode of reasoning, a way of looking at the modern world's problems, that is less Manichean and therefore less sterile, partly also from the viewpoint of one's own objectives.

Tomorrow's historians will be amazed, but the fact is that for 30 years people have reasoned as if Europe, its real life, the way its minds thought (whether Latin or Slav, Germanic or Scandinavian), its social experiences, albeit very different, though in the final analysis they can be traced back to shared historical and cultural matrices, were really divided by an iron curtain. Not--as it was and still is--by a tragic political and military border, but by an abyss beyond which there lies only darkness. It is this, I believe, that will amaze them: The fact that for 30 years the man on the other side really has been regarded as the "outsider," the "alien."

Perhaps it is because Poland is a land of conflict but also of mediation between the West and the Russian world and therefore regarded as the place where what Baget Bozzo calls the cause of Europe's spiritual unity would be decided. Perhaps it is because of a world crisis which seems increasingly like a watershed, an epochal event, something that can jeopardize the very survival of what we call Europe (civilization, values, world role, prosperity) so that the very opposition of political systems is beginning to be viewed from a different angle. The fact remains that for the first time a crisis in an Eastern Bloc country is not being used as a welcome opportunity to hit out at and attack the "alien," the "outsider."

Why? It is a difficult issue and must be tackled responsibly and realistically, with an awareness of the political, class and power conflicts that are still



concentrated on the old continent. But it seems clear to me that the basic reason is not to be sought at the subjective level (you have changed your minds. No, it is you who have failed to understand: This succession of criticisms and self-criticisms) but in the objective situation, in the truly great innovation of the problems and challenges affecting such different regimes for the first time. The chairman of the Christian Association of Italian workers said something simple and correct then, noting the effects of the world economic crisis on a country such as Poland as well, he urged people to abandon propaganda and reflect in both East and West on a "joint quest embracing knowledge, resources and wisdom." What is the alternative? Western Europe as a besieged "white stronghold," the war of the rich versus the poor--and therefore internal fascism and military ventures?

We wonder whether this is what is feared also by Deputy Piccoli [DC secretary] when he declares himself interested in our reflections and identifies in them "the possibility of resuming the dialogue, within the context of a political exchange of views which must take place on this very issue, tearing away the veil of lying ideologies." If this is the case, our answer is clear. Let us by all means resume this dialogue--but it must be equal to these issues. Yes, the very kind of issues that are emerging from the events in Poland--the relationship between democracy and socialism, the plan and the market, industrial democracy and worker participation, national independence and membership of a bloc, the relationship between detente in Europe, disarmament and the development of European societies. I believe Deputy Piccoli will understand why--if these are the issues--we are very willing to engage in dialogue, joint reflection and critical study.

We say this without any arrogance, but with calm conviction: We are very willing partly also because we feel this subject matter is suited to us, that is, suited to Eurocommunism. But is it suited to the "preamble" group? This is the question we put to Deputy Piccoli. Not in a polemical way, but for the sake of clarity. What do they have to say about these issues--that strange alliance between radicalism and indifference, small and large bourgeoisie, created through the distribution of power for its own sake; the people who eroded the democratic solidarity which was, after all, an attempt to initiate a major reform, with the participation of the working class in the country's government, and who brought about the present asphyxial government experience? Deputy Piccoli's sally may not be of interest solely from a propaganda viewpoint if it indicates some awareness of this blind alley. But does it?

Be that as it may, we still regard the effort to look at the world while "tearing away the veil of lying ideologies" as vital. Is socialism in a state of crisis? Perhaps it is indeed, but beware of believing too much of what Pellicani and Martelli say. Socialism, as a new objective needs to find new, loftier, more rational, more social but at the same more human, solutions to the world's problems, is not in a state of crisis: Indeed, it is forging ahead with a maturity that did not exist in 1917 and not even when the Red Army reached Berlin in 1945. This is our deep conviction. Let us look at the world--at the challenges of the new continents (hunger, the control of raw materials, the establishment of cultures, mental categories and spiritual

dimensions so distant from our own philosophy) and the no less distressing challenges of our own metropolises. Let us look at the Eastern Bloc societies. Real socialism is in a state of crisis: Everyone says so, including us. But is that all there is to be said about those societies?

LD280807 I believe it would be very important (more so than economic aid and acts of solidarity) for us and for them if at last the western left began to consider this question too. It is not "aliens" who live there. We really do not want to conduct propaganda, aware as we are of the errors and exaggerations into which we have lapsed. But it is enough to see certain films, to visit the cities, to speak with people and to observe their everyday life, to realize the enormous importance of the past 30 years, despite their tragic nature, but bearing in mind also the moral and ideological health of the "marble man": What profound collective experiences have been shared and what a contradictory tangle of illiberal factors and unprecedented phenomena of emancipation has been created. Have they been 30 years composed solely of darkness and oppression? No, if this were the case the problems over which Poland is now agonizing (which are, we repeat, the relationship between democracy and socialism, plan and market, industrial democracy and worker participation, national independence and membership of a bloc, the relationship between detente in Europe, disarmament and the development of European societies) would not even arise. If they exist and not only interest us but involve us, it is not only because we have become less Manichean but because, as IL MESSAGGERO noted the other day, a cultural and political dialogue is now underway in the West as well on the topics of industrial democracy, with the ambition and hope of managing to transcend the capitalist system without reaching illiberal and extremist solutions.

So, if Eurocommunism has a real *raison d'être* it is because it can speak European and act as an interlocutor, in both the Eastern Bloc and the West, for everyone who can see the nature of the problems that have emerged on the old continent during this long and troubled postwar period and who is seeking new ways for resolving them.

CSO: 3104

**CDA PROPOSES PLAN TO COMBAT HOUSING SHORTAGE**

Rotterdam NRC HANDELSBLAD in Dutch 13 Aug 80 p 3

**[Text]** The Hague, 13 Aug—In the next cabinet period (1981-1985), the CDA **[Christian Democratic Appeal]** wants to earmark 3 billion additional guilders for the restoration of housing construction. In the draft election platform made public today, the party is aiming at the construction of 120,000 new dwellings per year and doubling of the budget for urban renewal in 4 years' time.

The CDA wants to achieve this restoration of housing construction through a hefty additional rent increase of 20 percent in 4 years' time and increasing property taxes for homeowners, as well as through reducing the starting costs of new housing through more frugal construction.

The target figure of 120,000 new dwellings per year includes complete dwellings plus units for small households (so-called one and two person households). This desired construction is considerably above the present level.

The 1980 national construction program assumes a production of 106,000 dwellings, meanwhile with the slump in housing construction, an actual construction of only 80,000 to 85,000 dwellings is now estimated.

Besides increasing new construction, the CDA wants to renovate the out-of-date housing stock by doubling in 4 years' time the 1980 budget for urban renewal. The platform does not have any estimate of the number of dwellings which are thus being renovated.

With the proposed additional rent increase, the residence taxes for the lowest incomes are increased from 11 to 13 percent and for medium incomes from 15 to 18 percent of income.

The CDA intends to make taxes heavier for homeowners through an increase of the so-called rent value forfeit. Moreover, the draft election platform does not mention any percentages for that.

On the subject of employment, the CDA platform advocates legal regulation to commit those seeking work and employers more closely. For younger unemployed the CDA wants an expansion of the concept of suitable work and the obligation that they be brought into business or the government, after being unemployed for a half year or a year--with a "dressed up" benefit and training opportunities.

The CDA wants employers to promise to give preference in filling vacancies to groups, which generally go to work less rapidly--women, youth and those subject to the VAO Law on Labor Disability. Employers would have to give first priority to those who have been unemployed a long time--longer than a year--before others applying for jobs.

Regarding foreign labor, the CDA platform advocates a gradual termination of the admission of foreign workers. The work, which as a result, is not performed will be partially covered by better pay and including unemployed youth.

In the energy field, the draft election platform advocates rejecting the construction of new nuclear power plants. This rejection is based on the still unsolved problems connected with production safety and storage. The present CDA election platform ("not by bread alone") still recommends "the utmost restraint" in the application of nuclear energy.

In the field of taxes, the platform proposes setting the maximum deduction of mortgage interest on privately owned dwellings at 400,000 guilders.

Moreover, the taxation platform advocates equal treatment of men and women in similar circumstances. If two partners, for example, each earn separately more than 30,000 guilders, the part above 30,000 guilders of the one who earns the least must be added to the income of the one who earns the most. Now, with a similar income, a married woman pays considerably more tax than a married man.

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CSO: 3105



**CDA PROPOSES REDUCTION OF ALL WAGES**

Rotterdam NRC HANDELSBLAD in Dutch 13 Aug 80 pp 1, 3

**[Text]** The Hague, 13 Aug—The CDA **[Chris-**  
**tian Democratic Appeal]** considers a reduc-  
tion of all income, consequently also of the  
minimum wage, necessary in the coming cabi-  
net period. According to the CDA, it is  
true an economic growth of 2.5 percent is  
attainable in the 1981-1985 period, but this  
figure depends practically on the restora-  
tion of business profits and therefore the  
increase in the number of jobs. With the  
proposed income restraint of an average of  
1 percent, the CDA wants to create employ-  
ment for 300,000 people by 1985.

The CDA draft election platform, which was submitted this morning, states the above. From the standpoint of fair distribution of taxes, the CDA wants to distribute the reduction in purchasing power as follows: minimum incomes (22,000 guilders): -0.5 to -1 percent. Medium (33,000 guilders): -1.5 to -2 percent. Higher incomes -3 to 3.5 percent.

The CDA draft election platform entitled "For a Meaningful Life," besides creating 300,000 jobs in housing construction, emphasizes urban renewal. This is to take place through an additional financial infusion of 3 billion.

Next the CDA advocates maintaining development assistance at 1.5 percent of the national income; moreover the fundamental maintenance of the social security system and a heavy stress on volunteer work.

From the financial accountability of the platform, it appears that the 3 additional billion for housing construction is



being partially financed by an extra rent increase of 5 percent a year for 4 years. The CDA also wants to keep a lid on the starting costs of new dwellings to be built, which amounts to building simpler and less elaborate housing.

### Jobs

The 300,000 jobs which the CDA aims at (just like the PvdA /Labor Party/ draft published in June) are, to some extent, part-time jobs. A total of 210,000 full-time jobs are to be added. The lion's share of 100,000 jobs, must come from new investments, to be financed from the increased revenue from the sale of natural gas abroad and the results of energy conservation. Housing construction will provide 25,000 additional jobs, improved adjustment of supply and demand on the labor market, likewise 25,000. Besides this, an increase of 60,000 jobs in the public sector is foreseen in the next 4 years. The CDA expects that 120,000 people who now fall under WAO /Law on Labor Disability/ or AAV /expansion unknown/ can again be given part-time jobs.

The CDA wants to reduce the government's financial deficit to 3 percent, because otherwise inflation is stirred up. At the moment, the deficit is about 6 percent. The CDA says it does not want to resort to a higher deficit or taking more natural gas out of the ground every year and selling it for a good price. According to the platform, "in so doing, we put off the problem for the future."

Other main points of the draft CDA program are:

No further construction of nuclear power plants

Maintenance of the Netherlands' reservations about stationing new nuclear missiles on our territory

No reclamation of the Markerwaard

Possible maximum speed of 30 km in the city area

No (more flexible) legislation regarding euthanasia

Abolition of the Crown's right of pardon and appointment of a separate (execution) judge who can review and possibly change sentences.

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CSO: 3105

## PAPER COMMENTS ON CONTINGENCY STOCKPILING DEBATE

LD281453 Oslo AFTENPOSTEN in Norwegian 27 Aug 80 p 8

[Commentary article by Clav Tryggve Storvik: "Arms Race in the North?"]

[Text] A central point in the debate on contingency stockpiling of heavy equipment for American forces in Norway is the question: Who within the ministries' political leadership decided what, at what time and in which form?

Prominent political sources have claimed that the government has not "reached a final political decision on contingency stockpiling of equipment for a brigade of American marines." These claims can no doubt be supported, for the matter has not been dealt with in a cabinet meeting in the presence of the king. But what does the expression "decision" really mean? For most people it presumably means a gradual process which ultimately ends in a final and formal resolution made by constitutional organs, and this is really the least interesting part of the decision making process within the government apparatus.

In the actual case of stockpiles for the American troops the following facts are indisputable: The work began in 1976 after an initiative from the political leaders in the Defense Ministry. At first the Americans were little interested in earmarking their forces for Norway in particular and making contingency stockpiles of their equipment here, but Washington gradually became interested in the idea. As early as 1977 the Defense Ministry in its budget proposition (approved by the king in cabinet) discussed in principle the question in relation to Norwegian policy on military bases and concluded that contingency stockpiling, maneuvers and earmarking did not conflict with this. The matter has been before the government's security committee several times, there have been contacts between the under secretaries in the Foreign Ministry and the Defense Ministry on the subject, and the Defense Ministry under secretary was a member of the international study

group which examined the question. In the light of all this it sounds almost unbelievable that the rest of the government does not have a good idea of the work that has already been carried out.

The defense chief has come to the conclusion that the stockpiles ought to be situated in northern Norway, in proximity to the actual area in question for the deployment of the American troops. After several years' work one must assume that behind such a conclusion there lies an extremely complicated evaluation with regard to both security policy and military technology, where factors such as the threat to the country as a whole, the situation in neighboring countries, warning time, mobilization potential and transport problems from south to north in Norway with the special difficulties involved, have been taken into account.

The defense forces' leadership does not, perhaps, have a full overview of security policy, especially as far as the day-to-day relations with our neighbors are concerned. But here we come up against the question of how security policy coordination between the foreign and defense ministries is carried on at any time. This is an area about which little is known and about which it would be interesting to know more. The Foreign Ministry is, for instance, not represented in the Bruland Commission, which has been given the task of looking into the question of contingency stockpiling once again.

When the impression has been given that the government is in the process of undertaking a reevaluation of the whole question of contingency stockpiling, this could be entirely due to the security policy evaluations of relations with our neighbors, especially the Soviet Union, about which the public has as yet not been informed. Not so long ago it became known that the Soviet ambassador in Oslo used threatening, almost coarse language toward Labor Party Deputy Chairman Gro Harlem Brundtland in the context of the plans for contingency stockpiling. We must assume that this language reflects attitudes in Moscow and is not an expression of the ambassador's personal views, for there has been an intense Soviet press campaign against Norwegian security policy ever since 1976. But the question is rather whether more has not happened that we have not got to know about, in the form of threats of military countermeasures, for example--a localized arms race in the north?

At any rate the danger of a localized arms race as an argument against contingency stockpiling in northern Norway surfaced in an article by Jahn Otto Johansen in DAGBLADET this summer. This argument has also been used by Foreign Minister Knut Frydenlund in private conversations. But when one considers the size and composition of the American force that is intended for deployment in Norway, the danger of a localized arms race seems pretty exaggerated when looked at dispassionately. But it is of course possible that our architects of foreign policy have allowed themselves to be convinced that Moscow would react so strongly to stockpiling for American soldiers in northern Norway that the consequence would be Soviet countermeasures.

If this is the explanation of developments in recent months, it is possible to raise questions of principle whether we are in the process of burdening ourselves with an extra security policy commitment.

CSO: 3108

## PNV DISSIDENTS ARGUE FOR IDEOLOGICAL PURITY

Madrid EL PAIS in Spanish 17 Jun 80 p 16

[Text] The demonstration in support of the members of the municipal board of the Basque Nationalist Party [PNV] of Bermeo who were recently expelled from the party did not get the response that its sponsors expected. Nevertheless, it again revealed that within the party founded by Sabino Arana there are signs of a marked ideological radicalism which, although they could be described as archaic, are not too different from those which characterize Herri Batasuna, for example.

Thus, a call to uphold the doctrine created 85 years ago by Sabino Arana; a call to uphold the slogan "God and old law" as a basic ideological reference; and a defense to the death of the organized structures typical of a rural society characterized the speeches that were given on Sunday. There were constant references to independence as an unconditional objective and to the "oligarchical interests" embodied by the "newest nationalists who want to destroy the party." According to the organizers of the demonstration "around 3,300 people were present," whereas sources from party headquarters said that "only 1,500" showed the same enthusiasm for the various speakers at the meeting held in Bermeo. Besides the expelled local leaders, the meeting was presided over by the most important representatives of the Ormaza sector. Nevertheless, neither Josu Arenaza, Ramiro Cardona nor Anton Ormaza himself spoke, although the name of the latter was chanted by those present. His position may be interpreted as an attempt to avoid even sharper internal conflicts. Senator Ramon de la Sota, the only member of parliament at the assembly, wanted to make it clear to newsmen that his presence should not be interpreted as a challenge to the leadership, but rather as "a call for unity." "Before--when there were only a few of us--we were called cavemen, and now parliament and the government seem to be full of unknown so-called technicians," said one councillor from Sestao in the speech he gave in order to convey the "support of the young generation." Shortly before, one of the members of the board from Begona had said: "We don't mind being called cavemen, because primitive Basques lived in the caves of Santiamamine; but some others cannot say the same because they come from their luxurious chalets." He added: "We who continue being nationalists are not the ones to form a new party, but rather those who should be with an autonomous Basque-Spanish party instead of with the PNV."

## 'No' to Spanish Federalism

Jose Estornes Lasa, nationalistic historian and veteran militant from Navarra, asserted: "It would be better for the party to disappear than for it to stop being nationalistic, because there are already others that are fit for mere Spanish federalism." Estornes himself, the former commander of /gudaria/ [in italics--ETA soldier], received the loudest applause when he referred to Marx as "rubbish compared to Christ" and when he ridiculed certain leaders whom he called "renegade priests who don't even dare to mention Christianity."

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CSO: 3110



## TRADE BALANCE SHOWS LARGE DEFICIT IN APRIL

Madrid EL PAIS in Spanish 4 Jul 80 p 45

[Text] During the past month of April the trade balance experienced one of the worst setbacks in recent years. The coverage rate of imports for exports was 53.8 percent, 21.2 points below the level for the same month of the previous year. The trade deficit rose 231 percent as compared to April of last year.

The spectacular deficit of the trade balance is due fundamentally to the purchase of crude oil and to increases in other import items, among which the most notable are the purchases of machinery and some consumer products.

The cost of oil has doubled. Although imports for April rose 357 percent (almost 92.3 billion pesetas as compared to 22.213 billion the year before), this increase includes price hikes of 106.7 percent and an increase of 121 percent in the volume of import tonnage. In April buying increased significantly due to the bullish market, causing some refineries to store up the stock in hand more than normal.

Besides this increase in purchases, the average cost per barrel has risen from \$14.80 to \$30.60 since April of last year. A third factor that has affected the increased cost of oil in pesetas is the devaluation of the peseta; the increase in the final cost amounts to 115.9 percent.

## Controversial Imports

Among the remaining import items, the increase in the purchases of both electrical and mechanical machinery stands out. According to some experts, these purchases seem to contradict the situation of internal recession that the Spanish economy is going through. According to a report in the magazine INFORMACION COMERCIAL ESPANOLA put out by the Ministry of Commerce, there is a contrast between the dynamism of the

purchases of industrial products and the slowdown or standstill in domestic productivity. Not counting international price hikes, during the month of April these purchases reportedly showed an actual increase of at least 15 percent with respect to the same period a year ago.

"The hope that the trade deficits of the coming months will not be higher than that reached in April," says the magazine "lies in the hope that at last nonenergy industrial imports will reflect the standstill in the internal productive activity while our exports continue the trend to expand." The publication of the Ministry of Commerce asserts that it seems unlikely that increased imports of nonenergy products will continue for any length of time; therefore, it is possible to expect a slowdown in the growth rate during the second semester.

One of the hypotheses that may explain this increase in investment equipment would be the substitution of labor in a number of firms, although the development of the energy policy would help to explain some of these imports by the energy-producing industries. In fact, electrical machinery stands out in machinery imports with an increase of 52 percent in the month of April as compared to an increase of only 24.4 percent in mechanical machinery.

According to some experts that EL PAIS talked to, we may be witnessing the beginning of a cycle of economic recovery characterized in the present crisis by a replacement of machinery and increased purchases of raw materials. Should such a theory become reality, this process would be creating unemployment within a short time, but it would have the advantage of increasing the competitiveness of the system and the companies and of laying the foundation for increased stable employment.

#### Imports and Consumption

Another characteristic of imports in April as well as in the first 4 months of the year has been the considerable increase in consumer goods, in many cases a result of the liberalization of certain tariff items. Such is the case with automobiles, stereo equipment, some textile products and so on.

This development could be related to the family's new spending patterns. Food costs in Spain have come to represent quite a lesser part of the total consumption that the survey of family consumption for 1976--used as the basis for the weighting of the consumer price index--shows. Since salaries have remained stable with regard to inflation, that portion of family income used for expenses other than food has increased significantly in recent months; this allows for a larger increase in consumption expenses which will often end up in import products.

Finally, although it has been quite discriminatory, the liberalization of tariff items related to consumption will call for a more adequate

adequate supply from Spanish companies and some industrial sectors in order to meet consumption demand that only imports can satisfy at present.



Key:

1. Growth rates of imports in April
2. Percentage of variation with respect to the same month of the previous year, in pesetas
3. Overall variation of imports
4. Energy
5. Transportation material
6. Textile products
7. Metals and metallic products
8. Precision instruments
9. Machinery
10. Chemical and plastic products
11. Agricultural and food products
12. Millions of pesetas

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CSO: 3110

## TOURISM EARNINGS REPORTEDLY RUNNING BELOW AVERAGE

Madrid ACTUALIDAD ECONOMICA in Spanish 21-28 Jun 80 pp 26, 27, 29

[Article by J.A.R.: "The Lean Times"]

[Text] The results of the early months of the tourist season have created a climax of despair concerning the future of the sector, a crisis which is growing by virtue of the very sharp drop in contracting by tour operators as summer begins. Only tourism by private individuals can avert a disaster.

During the initial 5 months of 1980 the number of tourists dropped by 9 percent compared to the corresponding period in 1979, while the inflow of foreign currency increased by no more than 7 percent--far below the inflation index--whereas outlays by [Spanish] tourists [abroad] rose by 102.4 percent. The figures are alarming and at the Secretariat of State for Tourism [SET] there is profound concern even though an effort is being made to defuse the importance of the matter by underscoring that the first few months of 1979 witnessed a historical record and are not therefore a valid frame of reference.

## Crisis in Group Tourism

According to Jose Lusi Zavala Richi, general director of tourism promotion, the causes of the decline are, on the one hand, the decisive economic recession in countries from which tourists originate--which has been most evident in the Nordic countries and Britain, where the sharpest drops were seen--and on the other, the deterioration in the price-quality ratio in the past 2 years, a problem of which businessmen are fully aware and on which they are working with the prospective high season and the contracting for the coming fiscal year in sight.

"There is an impression," Zavala added, "that a crisis is brewing in group tourism and that a reactivation is underway in individual travel, probably caused by the decreasing glamor of the traditional tourist "package," by the rise in prices, and by significantly higher transportation costs which are prompting tourists to prefer to move around by their own means."

This change is worrisome because at this point the high tourist season continues to hold unknown prospects. Contracts with foreign tour operators have declined sharply and only individual tourism could save the hotel industry. However, at this time the prospects are completely satisfactory for the Balearic Islands and are relatively good for the Costa del Sol, whereas they are very negative for the Costa Brava and the Canary Islands. The prospects continue to be doubtful for the Levante [Mediterranean shores of Spain], where there is an excess of accommodations, and it difficult to predict what could happen.

The hotel occupancy figures for May 1980 confirm this outlook: In the Balearic Islands there was an occupancy rate of 78 percent of capacity; in the Costa del Sol, 65 percent; in Alicante, about 50 percent; in the Canary Islands, 40 percent; and in the Costa Brava, where most of the hotels operate on a seasonal basis and are still closed, the occupancy rate ran 15 percent below the 1979 level.

Together with the Canary Islands, the Costa Brava appears to be the region where the decline is being felt most acutely. In Zavala's opinion the reason is that this is an area with a very short tourist season and, given the increased cost of fuel, European tour operators concentrate their efforts on those locations where they can send large contingents of tourists throughout the year. However, the Costa Brava has the advantage of being close to the countries from which tourists originate, and this places it in a good position for individual travel.

In general terms hotel occupancy during May 1980 witnessed a slight drop compared to 1979 in every region except the Balearic Islands, where tourist traffic has continued at the same levels despite the exceptional nature of the 1979 season. "The Balearic Islands have followed a very prudent price policy which has helped them remain the leaders in tourism. Furthermore, they are known for their first quality service standards," Zavala noted explaining the success of the Balearic Islands in the area of tourism." But there is no doubt that a good part of this area's success resides in the professionalism of the owners and employees in the tourist sector, who are old hands in this endeavor.

"On the whole," Zavala added, "one could say that Spain is experiencing a crisis in the shift from volume to quality. From a time when price was more important than quality, there has been a shift and the terms have been reversed. Beginning in 1976 the price escalation got under way and the price-quality ratio became disrupted before reaching a climax in 1979, the year when prices and the deterioration of services attained their peak, among other reasons because of the country's social tensions."

In any case, the shift from volume to quality does not mean that Spain is giving up on large-scale tourism, among other reasons because the infrastructure--9,200 hotels with 850,000 beds and 1.2 million nonhotel accommodations--is suitable for mass tourism. "In the last analysis what is involved is an improvement in the quality of services so that we may renew our clientele, relinquishing cheap tourism and striving to capture instead the tourist who was not in the habit of coming to Spain because he considered it a country with little social class."



## A Difficult Matter

It is not easy to solve the problem. On one hand there is the fact that contracting with tour operators has nosedived and the degree of uncertainty is great. On the other hand the precariousness of the means available to the SET to renovate its structures and improve services makes the path toward quality tourism excessively tricky. What is to be done, then? Up to this time and with a view to improving the hotel services and infrastructure, the Secretariat of State for Tourism has favored this year the appropriation of credits for the improvement and modernization of hotel facilities and complementary services, opening a line of credit of 3 billion pesetas through the Banco Hipotecario [Credit Bank], charging a preferential interest rate of 10.5 percent and granting 10 years for repayment. All owners in the sector have access with the exception of those who seek credit for the construction of new facilities in tourist areas which are already saturated.

As regards tourism promotion, little can be done given that the available budget for this purpose totals only 1.1 billion pesetas broken down as follows: 425 million pesetas for advertising campaigns abroad; 290 million pesetas for the production of posters, films, pamphlets, and so on; 157 million pesetas for tourism promotion through agreements with public and private enterprises; 128 million pesetas for promoting Spain as the locale for tourist conventions and fairs; 40 million for the promotion of domestic tourism; and 60 million for various other purposes.

Given these figures one should not be surprised that the efforts made to date to renovate Spain's image have been an undeniable failure. In this connection, perhaps the most notorious thing was the campaign carried out last year to promote domestic tourism through the slogan: "Spain, without going farther." The number of trips [by Spaniards] abroad increased by about 20 percent and outlays by Spanish tourists [abroad] jumped by 102.5 percent.

## Hoping for the Miracle

In the face of this worrisome situation one can only wait to see what happens this summer. At the present time the SET has initiated another campaign directed at young Spaniards traveling on foot with the goal of reducing their trips abroad and trying to make domestic tourism offset the recession abroad.

Similarly, Zavalo noted that as in other years "Operation Sweep-Up"--last-minute agreements--may mitigate the dizzying drop in sales to tour operators. In the last analysis all those who are directly or indirectly involved in the tourist industry hope that the miracle will occur in the form of a massive influx of individual tourists. If this does not happen the experience of the initial months [of 1980] could become a trend which, in a few years, could eliminate the leading Spanish "industry."

### Fewer Tourists

(Arrivals of tourists in the first 4 months of 1979 and 1980)

	<u>1979</u>	<u>1980</u>	<u>Change</u> [in percentage]
January	2,042,190	1,926,215	- 5.7
February	1,709,543	1,599,149	- 6.5
March	2,141,265	1,995,573	- 6.8
April	2,869,457	2,469,469	-13.9
Total	8,762,455	7,990,586	- 8.8

Source: SET

### Little Foreign Exchange

(Inflows of foreign currency from tourism expressed in millions of U.S. dollars)

	<u>1979</u>	<u>1980</u>	<u>Change</u> [in percentage]
January	424.4	463.9	9.3
February	322.2	380.2	18.0
March	393.2	381.2	- 3.1
Total	1,139.8	1,225.3	7.5

Source: SET

### Larger Outflows of Foreign Exchange

(Outlays by [Spanish] tourists [abroad] in millions of dollars)

	<u>1979</u>	<u>1980</u>	<u>Change</u> [in percentage]
January	49.1	72.5	47.6
February	35.6	93.8	163.5
March	46.7	99.7	113.5
Total	131.4	266.0	102.4

Source: SET

### Negative Consequences

(Net balances of disbursements by tourists in millions of dollars)

	<u>1979</u>	<u>1980</u>	<u>Change</u> [in percentage]
January	375.3	391.4	4.3
February	286.6	286.4	- 0.07
March	346.5	281.5	-18.6
Total	1,008.4	959.3	- 4.9

Source: SET

2662

CSO: 3110

## BRIEFS

**AIR FORCE MIRAGE JETS**--According to a report yesterday by military sources to EUNOPA PRESS, the Air Force will acquire 72 Mirage fighter planes built by the French company Marcel Dassault. For the time being, one or two of these aircraft will be incorporated into the Air Force each month under the Mirage-1 program concluded by the Ministry of Defense with the company in mid-1978. The Air Force currently has 27 Mirage planes which are part of Wing 14 based in Albacete. These aircraft will soon have a base in the Canary Islands. [Text] [Madrid YA in Spanish 11 Apr 80 p 15] 11,915

**GOLD PRODUCTION**--The 1966 closure of the Rodalquilar (Almeria) gold mines was warranted due to the fact that they had always been worked at a loss and there were no signs during the exploration launched in 1963 of the existence of ores which could change the situation. From 1943 to 1951, the average weight of gold per ton of ore processed was between 9.11 and 4.33 grams. Industry and energy minister Carlos Bustelo rejected the idea that Spain was a country with no operating gold mines, recalling that in Huelva Province the Rio Tinto Minera company obtains 3,000 kg/year of gold from auriferous quarries, which is approximately 70 percent of Rodalquilar's lifetime production. In addition, as a result of the utilization of pyrites after roasting them to obtain sulfuric acid, one metallurgy company--Metal Quimica del Nervion-- extracts about 250 kg of gold each year. A project currently in the economic feasibility study stage is the Full Utilization of Pyrites (AIPSA), which will produce about 300 kg of gold annually. Rodalquilar's operation would complement the foregoing production and given the current price of gold, the decision was made this year to step up exploration of this deposit. [Excerpts] [Madrid ABC in Spanish 27 Mar 80 p 42] 11,915

**LESS DEPENDENCY ON IRANIAN OIL**--According to data of the Spanish Association of Petroleum Refineries (ARSERPETROL), Spain imported 765,003 tons of Iranian crude oil in the first 2 months of this year. For the period in question, Iran is fourth among the country's suppliers after Saudi Arabia, Iraq and Libya. Iran's share represents more than 8 percent. According to ARSERPETROL's data, supplies from Iran have risen greatly in comparison to the first 2 months of last year, calculated at more than 186 percent. The increase is not significant, however, since the political events in Tehran in January and February 1979 paralyzed the Iranian oil industry. Prior to the aforementioned events, Iran was Spain's second supplier after Saudi Arabia. [Text] [Madrid ABC in Spanish 15 Apr 80 p 39] 11,915

SOVIET WHALING FLEET--A Soviet whaling fleet has been anchored in the port of La Cruz since last Monday following completion of its Antarctic fishing trip. At this time there is one factory ship and five "catchers," which means a large reduction in comparison to the number of vessels which participated in such trips as of last year. This is due to the growing opposition to whale hunting, which has spread worldwide thanks to the campaigns conducted by ecological associations in various countries to prevent the total extinction of these cetaceans. [Excerpt] [Madrid YA in Spanish 18 Apr 80 p 16] 11,915

CSO: 3110



## BRIEFS

REFUGEE DENIED TO AFGHANS--Norrköping--Sweden will not admit Afghan refugees now in Pakistan. The Immigration Ministry has announced this and refused five applications. The ministry is also expected to refuse a further five applications being dealt with at the moment. "According to the government's guidelines we must first use our refugee quota--around 1,250 persons--for refugees from Latin America," Perlilja of the Immigration Ministry said. "The Afghan refugees are not in any danger and are in no danger of being sent back." There are now around 1 million Afghan refugees in Pakistan. The UN High Commission for Refugees through local offices in Islamabad has made overtures to a number of Western embassies with requests for help in looking after the refugees. "Around 10 refugees have made application to Sweden," Perlilja told SVENSKA DAGBLADET. "They are well-educated people such as architects, doctors and secretaries. They have all worked in a ministry in their home country." It is reported that highly educated people are fleeing Afghanistan in ever growing numbers. [Text] [LD211621 Stockholm SVENSKA DAGBLADET in Swedish 19 Aug 80 p 5]

CSO: 3100

## CAUSES, CONSEQUENCES OF YOUTH RIOTS DETAILED

Zurich NEUE ZUERCHER ZEITUNG in German 20 Aug 80 p 23

[Report by "th" on Zurich Cantonal Great Council Proceedings From 0815 to 1430 Hours Monday 18 August: "Causes and Consequences of Youth Unrest--Government Reply to Urgent Interpellation About Youth Riots in Zurich"]

[Text] Head of Council Stucki, replying to an urgent interpellation by Muller (Radical Democratic Party, Meilen), stated in the main:

## The Course of Events

On the evening of 30 May 1980, as city police in accordance with their instructions were keeping open the access to the Opera House for the audience, aggressive groups of demonstrators after 1900 began to engage in violent actions by throwing projectiles of all kinds against the Opera House, its audience and finally the police who intervened to protect it. They continued their excesses until the early morning hours by engaging in numerous acts of damage to property, arson, looting and serious disruption of traffic and by repeated attacks on the City Hall guard of the cantonal police.

On the evening of 7 June 1980 another demonstration without a permit, of about 1,000 persons, was underway. While the major part of the demonstrators marched to the "Rote-Fabrik" [Red Factory] to conduct a debate there in the grand hall made available by the Municipal Council, a small group split away from them and again committed various acts of violence. On 9 June 1980 about 1,200 persons protested in the courtyard in front of the main building of the University against the ban on showing a video film by the Ethnological Institute about the Opera House riots. About half of them were students. After a protest demonstration in front of the office of the Directorate of Education, groups of demonstrators for a long time blocked traffic at the "Central" and later that evening prevented delivery of the NEUE ZUERCHER ZEITUNG until police intervened.

On 17 June 1980 a demonstration in front of the premises of the Cantonal Administration again led to disruptions of traffic. In the course of it an attempt was made to disrupt a session of the College Commission.

At 1700 on 18 June 1980 demonstrators in rapidly increasing numbers gathered before City Hall but, thanks to joint measures taken by the cantonal and city police, the Municipal Council of the City of Zurich was able to meet without disruption. After the session an aggressive group of demonstrators blocked the exit. In accordance with a decision of the Office of the Municipal Council, city police cleared Limmatquai at City Hall. In the course of the evening demonstrators again disrupted traffic at Bellevue.

On Saturday 21 June 1980, there began at Helvetia Platz, without a permit, a "Grand Demonstration of the Dissatisfied" as part of the approved POCH Festival and, gradually increasing to 6,000 or 7,000 persons, marched via Langstrasse to the municipal premises at 18/20 Limmatstrasse, then through Bahnhofstrasse (which had been blocked off for a march music parade), and finally via Limmatquai back to the area of the Main Railroad Station, where it dispersed. This march too led to serious disruptions of traffic.

On 27 June 1980 the Zurich City Council concluded an agreement with the executive of the Social Democratic Party about the use of the 18/20 Limmatstrasse premises as a largely self-administered youth center, and this at first had a calming effect. Already on 12 July, however, there again occurred a demonstration without a permit in front of the mentioned Limmatstrasse premises. It was dispersed by cantonal and city police, but then various groups of rioters again managed to inflict heavy property damage, engage in looting and disrupt traffic at Limmatquai and in the Old Town.

On 1 August 1980 a demonstration without a permit proceeded through the inner city to Zuerichhorn. In addition to traffic disruption, there occurred some minor damage to vehicles and, in a couple of cases, more serious property damage and looting.

#### Maintenance of Peace and Order

The primary responsibility for maintaining peace and order in the City of Zurich is borne by the City Council. In accordance with an ordinance of 8 February 1934 concerning cooperation between cantonal and municipal police to maintain peace and order, the cantonal police exceptionally may be requested by the municipal authorities to render assistance for this purpose. Police headquarters and the cantonal government did not hesitate to accede forthwith to the request for support by the cantonal police made by the chief of police of the City of Zurich on 1 June 1980 following the first couple of nights of rioting. There is no mistaking the fact that it is very difficult and not wholly possible to protect citizens against acts of violence and looting in the wake of demonstrations. The Opera House riots were marked by the fact that a comparatively small group evidently was determined from the start to violate public order and to provoke the police employed for maintaining it. Bent on violence, the demonstrators sought refuge in the anonymity provided by the large number of participants, and this

protection was increased by the fact the provocations and violent actions were condoned tacitly and partly even approved explicitly at least by part of the other people involved. By fleeing into the narrow streets of the Old City, the instigators of the violent actions made their pursuit difficult.

Despite the difficulties in identifying culprits and gathering evidence to convict them, the police are making great efforts in this respect. Likewise, the prosecuting authorities did everything possible to see to it that a sizable number of persons arrested by the police were interrogated by the magistrate within the legal 24-hour period with a view to being able, if appropriate, to put them under arrest pending trial. So far 216 persons have been arrested, with 166 of them being turned over to the prosecuting authorities. The cantonal government is not prepared to meet demands for suspending penal procedures. Only consistent observance of the law and just as consistent punishment of violations of the law can restore a state of public peace and order which alone protects citizens from acts of violence and looting.

#### Background of Riots

The reasons and background of the riots are not immediately clear. At least in their beginnings, they probably were rooted to a considerable extent in the protest of youth against many institutions of the older, established generation. This protest first of all is an expression of the generation problem, which today in some respects is being felt to an increased extent. Adolescents often lack the scope for development. Many suffer from disturbed family relations. The uncertainty of the political situation in the world and of economic development worries various young people. The variety of information from all over the world cannot easily be absorbed. The increasing technologizing activity in almost all spheres of daily life limits the opportunities for an active personal attitude and shaping of one's life. The decline of solid social structures and authority renders orientation difficult and makes it easier for character weaknesses to manifest themselves. And, finally, the lack of a compelling need to make a living through one's own efforts often impedes the motivation for a meaningful activity. Besides, it should be realized that, in light of the basically sound urge on the part of youth for movement and action, not a great deal is required to mobilize sizable crowds of adolescents for an event. A comparatively small group of rowdies abused the presence of sizable crowds of curious onlookers to seriously disrupt law and order under their cover.

In looking for the reasons why the protest of the youth degenerated into riots, one should realize that the reasons given for the protest and the demonstrations changed constantly. While no basic constructive idea is recognizable, one does perceive a disruptive, chaotic and anarchist attitude. Without being entitled to do so, the demonstrators claim to represent Zurich youth. Though at first predominantly youths from the City of Zurich and surroundings participated in the demonstrations, the demonstrations

later were joined by people from other cantons and partly from abroad. The desire for an autonomous youth center is not supported either by a majority of Zurich youths, as was shown by the limited and visibly decreasing number of users from earlier autonomous centers. The cantonal government regrets that the action of the rioters disparages the Zurich youths as a whole.

#### Concerning the Events at the University

Academic freedom, which is to be regarded as part of the freedom of speech, is protected by the constitution; it does not prevail without restrictions, however. For the purpose of drawing a line between academic freedom and the abuse of academic work for political agitation, it should be noted clearly that in the case under discussion the question is not one of exercising academic freedom but one of using university materials at propaganda events. The production of video film about the events in front of the Opera House on 30 May 1980 by the "Community Media" group attached to the Ethnological Seminary and the presentation of the film at various events in the days thereafter were conducive to contributing to a worsening of the situation. It was therefore necessary immediately to ban the film and further video tapes from political propaganda events. As a further step, the question will now have to be examined as to whether the work done within the framework of the "Community Media" teaching institute in fact meets academic requirements. Furthermore the question is to be clarified, as part of an administrative investigation, as to whether the director of the Ethnological Seminary has duly discharged the rights and duties of a university professor and head of seminary as far as lectures and such are concerned.

#### Concluding Assessment

A democratic constitutional state aims at enabling various population groups with different kinds of interests to coexist in freedom. It is thus the obvious right of any group to make its claims to society. Hence, questions which adolescent youth wants to address to state and society must not be overlooked either. Putting obstacles in the path of fellow citizens, criminal actions and acts of violence, however, are not apt to arouse understanding for such concerns among fellow citizens. Our legal system has created various opportunities for examining such claims and honoring them if appropriate. It cannot be tolerated for individual groups to make themselves heard by disregarding these principles in a manner violating the legal system; the latter would even be put in jeopardy if others chose the same kind of procedure to make their claims prevail. The cantonal government, therefore, is not prepared to tolerate relapses into taking the law into one's own hands but will do everything possible to maintain the legal system and unrelentingly to punish violations of the law.

8790

CSO: 3103



## ECEVIT PROPOSES TWO-PARTY GOVERNMENT

Istanbul MILLIYET in Turkish 21 Aug 80 p 8

[Text] RPP Chairman Bulent Ecevit declared, "The most effective way to remove the dead weight and debris in state administration and purge state cadres of dangerous infestations is for the two major parties to cooperate and form a non-partisan government to run the country until elections."

Ecevit responded with an article to the resolution of the Istanbul University Senate which University Rector Prof. Cemi Deriroglu had sent him. Ecevit disclosed his views with regard to the resolution and stated that "the concrete proposals contained in the senate resolution are gratifying."

He said in brief: "When the state administration assumes attitudes in which it distinguishes between terrorists and becomes partisan, it then becomes unable to check the growth of terror."

"No matter the program of the party in power or how realistic its approach or consistent or effective, unless state administration is extricated from this predicament, unless it achieves effectiveness, viability, and reliability, the growth of terror cannot be checked and the necessary steps to rescue our economy from an ever-tightening bottleneck cannot be taken."

"In the RPP's view, the most effective way to remove the dead weight and debris from the state administration and purge state cadres of dangerous infestations is for the major parties in particular to temporarily put their differences of view aside--as stated in the senate resolution--and cooperate. They should form a non-partisan government that will run the country until elections. "

"On specific matters, the time in which such a government could achieve the positive results that one might expect with regard, in particular, to restoring state administration and providing election security, that is, the time the senate resolution calls the 'period of reason,' is gradually being lost the closer constitutionally mandated elections come. The problems of each lost day become all the more serious."

"The RPP for months has been doing what is incumbent upon it in providing the cooperation, harmony, and solidarity necessary to tackle our problems--which cannot become any more severe or objectionable--and, in particular, to check the growth of terror. The RPP's efforts, however, have not been reciprocated. The RPP wholeheartedly endorses the call and warning of the Istanbul University Senate."

CSO: 4907

## NAP INDICTED AGAIN, LEGAL ACTION AGAINST MISK ASKED

Istanbul CUMHURİYET in Turkish 29 Aug 80 pp 1, 9

[Text] The Ankara Martial Law Command has filed another indictment with the State Prosecutor's Office against the NAP on the grounds that the party violated the Political Parties Law. In addition, the Martial Law Command has appealed to the Ministers of Finance and Labor to take legal steps against the Confederation of Nationalist Labor Unions (MISK) for violating the Unions Law.

During the hearings for former Idealist Hearths General Chairman Muhsin Yazicioglu, who was tried at the Ankara Martial Law Command on charges of opposition to the Associations Law and slander against the government, it was determined that MISK supplied funds to certain Idealists and their associations. In this connection, it became clear that MISK paid the telephone bill of the NAP Denizli Provincial Chairman.

Therefore, the Ankara Martial Law Court has appealed to the Ankara Martial Law Command to take legal steps against MISK and the NAP for violating the Unions Law and the Political Parties Law.

The Ankara Martial Law Court's verdict was studied by the Ankara Martial Law Command. At the conclusion of its review, another indictment was filed with the State Prosecutor's Office on the grounds that the NAP acted contrary to the Political Parties Law.

Moreover, the Ankara Martial Law Command has appealed to the Ministries of Finance and Labor to take legal steps against MISK for not submitting on time the required financial reports to the proper authorities. Legal circles have stated that the fact a labor confederation makes contributions to individuals and associations may be cause for closing down that confederation.

CSO: 4907

**'MILLIYET' EXAMINES IMPASS, DANGER IN MARTIAL LAW LEGISLATION**

Istanbul **MILLIYET** in Turkish 29 Jul 80 p 7

[Article by Orsan Oymen in the "Political Caldron" column]

[Text] The Ramadan dinner at Cankaya began with the draft legislation "expanding the martial law administration's authority."

May God accept [the day's fasting].

The leaders agreed on the way the dinner was prepared. Now, they are trying to get their groups digest the food with all the bitter herbs on it.

The draft bill, which already had been placed on the parliamentary agenda and discussed in the Judicial Committee, if adopted in its current form, will again result in the abrasion of "the army's" authority.

Why?

Because the draft bill, intended to expand the authority of martial law commands, is in fact expanding the scope of the martial law authority, instead of the authority itself.

Thus, the bill becomes the civilian administration's legislation "to wear down the army."

Demirel, who apparently got Ecevit to fall in line at Cankaya, is using his tactic very cleverly.

He turns to Ecevit and says, "The military want it, what can we do?"

He offers the major opposition party leader a choice between "emergency legislation and State Security Courts, or legislation to expand martial law authority," thereby putting him in the untenable position of having to choose between two evils.

When the draft bill is enacted into law, he will turn to the military leaders and say:

"Here, we expanded your authority. Now, it is up to you to stop terrorism," thereby giving the contract on terrorism to the army, as he had been wanting to do all along, with "stipulations" securely attached to the contract.

Our clever building contractor is fully aware that expanding the scope of the martial law authority is hardly sufficient to combat terrorism successfully. If anything, it increases the already heavy burden of the martial law command.

Why?

We will try to explain it with hard facts.

The number of files before the judicial counselors of the Ankara Martial Law Command had reached 30,000 in January. Not even the Ankara Title Registration Office has so many files.

Military judicial organs attached to the Ankara Martial Law Command alone receives over 9,000 files a year.

Suspected terrorists taken into custody in Ankara in 1979 number 11,700. The figure for the first 6 months of 1980 must be far above the 1979's because terrorism has been escalating at a rapid pace this year.

A comparative review of these figures and those of the 12 March martial law period brings the following facts into light:

In the 3 years of martial law administration between 1971 and 1974, three military courts under the Ankara Martial Law Command finalized 996 cases. That would make 332 cases per court in a span of 3 years.

Our comparative review shows that the annual volume of work at the present is far heavier than the combined volume of work of the 3 years in the 12 March period.

(We should note that our source for the figures is the Ankara Martial Law Command Public and Press Relations Bureau.)

The judicial organs charged with the task of studying the more than 10,000 custody cases consist of two legal counselors, 13 military prosecutors, 14 judges and eight uniformed members.

Had the legislation the leaders agreed on at Cankaya been designed only "to expand the staff and to increase the compensation for the job-related wear and tear on the officials serving in the martial law judicial organs," there will be no argument.



However, the draft bill also wants to expand--and relentlessly--the martial law command's sphere of authority. During the deliberations in the Judicial Committee, the politicians saw no reason why they should not add provisions to the draft giving the martial law command the task of "ensuring the overall security," and the responsibility "to monitor and to keep under surveillance all the meetings of associations and trade unions."

How do we explain this attempt to place on the already heavily burdened shoulders of martial law judicial organs the added responsibility to ensure public security which has forsaken this land long ago?

By no standard of judgement can it be considered fair to burden them with the responsibility of investigating a fight between a passenger and a cab-driver who refused to turn on its meter, a spat between a tenant and a landlord, or a brawl among nightclub bullies, and the responsibility of studying the ideological aspects of a speech in such and such association's general assembly meeting.

The draft bill, in terms of constitutional law, also tends to hurt the army's prestige. First of all, the appointment process for martial law judges is diametrically opposite of the principles of a state of law. It also impairs the independence of the judiciary.

Why?

Because the draft bill, as it stands now, indirectly puts the authority to appoint the prosecutors and the judges in the hands of the ruling political party, much as the case was with the State Security Courts.

The law in effect now--the legality of which is also questionable--has the elements of the judicial organs selected by a board composed of the heads of the Judicial Counselor's Office of the Chief of Staff, Military Judicial Affairs Department and the Inspection Board of the Ministry of National Defense. The new draft supposedly expands this "selection board," but it still invests the authority in the government--in the executive--with the proviso that the Office of the Chief of Staff is consulted.

The board will select twice as many candidates as there are openings and the government will make the final selection.

We seem to have forgotten that the State Security Courts Law was turned back by the Constitutional Court on similar grounds. The court pointed out that the law violated the independence of the judicial and executive branches from one another.

The draft law also allows an unlimited extension of the 15-day period after an individual is taken into custody by the martial law command and before he appears before a court. This provision may have been devised in good faith in consideration of the very large number of cases before the courts, but it is still contrary to basic constitutional precepts. The

authors of the draft added to the article on this particular provision the easily malleable concept that the period under custody can be extended if new evidence is discovered. It does not specify how long it can be extended.

Furthermore, "new evidence" is a very abstract concept also. This "new evidence" will not be submitted to a judicial study, but will be left at the discretion of the police.

Under the circumstances, a suspect taken into custody by martial law authorities can be held for months at end without any contact with his family or lawyer on grounds [that there is] "new evidence."

You may accuse me of defending the freedom of a terrorist who has not shown any respect for the rights of millions.

That is not what I am doing. I am arguing that when a country claims to be "a state of law," this claim should not remain on paper alone.

Moreover, how many of the close to 10,000 people taken into custody are terrorists? How many of the over 300 people picked up in Fatsa, for example, were found guilty before the law?

Another question may be, "Once in a blue moon two leaders agree on a legislation and take the first step towards a dialogue. Why should we stir things up again? Besides the military want it also."

It is one thing to want a dialogue and a reconciliation, but it is another thing to sacrifice the basic principles of legality and human rights as a price for reconciliation.

It is also highly doubtful that the army will allow itself to be used for something that eventually may hurt its prestige and arouse the Western public opinion. In fact, we believe--we would like to believe--that the army will study very carefully the conditions which the "great contractor" wants to attach to the enormous contract.

7244

CSO: 4907

## AUTHORITIES RAID RIGHTIST CAMP

Istanbul MILLIYET in Turkish 24 Aug 80 p 8

[Text] Security forces engaged in a fire fight with a group of 18 individuals who reportedly set up a camp at Aladaglar Aksu in Kayser's Yahyali district, where they gave weapons training. It is maintained that these persons are members of the Raiders (Akinci) Association. One person died and three were wounded during the fight. Twelve youths were arrested and taken into custody.

According to information received from Yahyali Public Prosecutor Vakif Cerkez Kayabekir, villagers for some time had seen a group of youths who had established the camp at Aladaglar and started to give weapons training. The villagers then tipped off authorities. An 18-member gendarmerie detachment dispatched under three officers met with armed resistance from the group. The security forces returned the fire and a fight ensued. At the end of the clash, of the Akincis who set up the camp, Kamil Dagaşlan, a student at the Yahyali Technical Institute, was dead. Osman Yubas, Turkey Gurlek, and Sami Ozturk were seriously wounded. The 12 persons arrested were taken by security forces to Yahyali.

The identities of those arrested are: Bekir Oñcel of the Niğde Aksaray İman-Hatip (Religious Secondary School), Faruk Hasetci of the Kayseri İman-Hatip, Osman Yapar, Milli Gazete Kirsehir reporter, Ahmet Baki Eren of the Nevsehir Gulsehir İman-Hatip, Erdogan Ak of the Pınarbasi İman-Hatip, Ali Sağlık of the Yozgat İman-Hatip, İhsan Eliacik of the İncesu İman-Hatip, Ali Aydemir of the Nevsehir İman-Hatip, Yusuf Erdogdu of the Yahyali İman-Hatip, Yusuf Ince of the Nevsehir İman-Hatip, Mustafa Cakir of the Nevsehir İman-Hatip, and Alaaddin Selahattin Kaya (not further identified).

In a search conducted at the site, authorities found an air-cooled pistol used in the training, 11-7.65 caliber pistols, 18-7.65 caliber cartridges, 14 blasting caps, 13 meters of fuse, 2 hunting rifles, numerous detonators, numerous documents showing Akinci camp sites, and numerous blankets.

Fourteen persons are still being sought in connection with the incident.

Kayseri Deputy Governor Fevzi Yetkiner and Gendarmerie Deputy Provincial Commander Major Mehmet Coban went to Yahyali to investigate the site. It is reported that the investigation continues and that efforts are being made to arrest the others implicated in the incident.

## MILITARY COURT OPENS TORTURE CASE

Istanbul CUMHURIYET in Turkish 2 Aug 80 pp 1, 9

[Text] Reported by Dogan Katircioglu of the Istanbul News Service--The First Army Military Court decided to take civil action against the officials of the First Department of the Security Directorate, on charges that they tortured, thereby causing the death of Osman Mehmet Onsoy during the man's interrogation at the Security Directorate. Onsoy was taken into custody in connection with the discovery of five handguns in a bus at Topkapi.

On 5 May 1980, a search conducted by the security forces in an Istanbul municipality bus at Topkapi yielded five handguns in a sack. All the passengers of the Halkali-Eminonu bus were taken into custody, but subsequently released with the exception of one young man. The young man, Osman Mehmet Onsoy, who had graduated from the Faculty of Economics 3 years ago, was under custody at the First Department of the Security Directorate when, on 17 May 1980, he became ill and was taken to the Haydarpasa Military Hospital. One day after his removal to the hospital, the file on Onsoy was forwarded to the Martial Law Military Prosecutor where a court, convened on the same day, decided in the suspect's absence to place him under formal arrest. However, the suspect died on 22 May in the Haydarpasa Military Hospital.

Following the young man's death, his father lodged a formal complaint with the martial law command that the son had died as a result of torture administered to him at the First Department and demanded an investigation. The Martial Law Prosecutor, under orders from the First Army and Martial Law Command, conducted an investigation and concluded that the cause of death was not torture, but a bleeding stomach ulcer, and that there were no grounds to take a legal action against the officials [of the First Department]. On 4 July 1980, the Martial Law Prosecutor's Office announced on the TRT [Turkish Radio and Television] that "a report by the Forensic Medicine Department stated conclusively that death came as a result of internal bleeding due to an acute ulcer, thereby removing suspicions that torture may have been a factor in the suspect's death." The Martial Law Prosecutor's announcement also disclosed that an inquiry was being launched against the responsible officials of the newspapers CUMHURIYET, AYDINLIK and DEMOKRAT on grounds that they published tendentious reports on the incident.

The suspect's father objected to the military prosecutor's conclusion that there were no grounds for an investigation. The father's action sent the investigation file to the closest military court--the First Army Military Court--which, upon studying the file, concluded that Osman Mehmet Onsoy died as a result of torture he was subjected to while in the custody of the Security Administration.

#### Court Decision

"When all the documents in the file, the autopsy report, the findings and the scientific conclusions recorded by medical specialists in medical reports of various dates are taken and evaluated as a whole, it becomes clear that M. Osman Onsoy, who was in good health when he was taken from the municipal bus on the day of the incident and brought to the First Department of the Security Directorate, died following torture administered to him during the period of time he remained at the department. Therefore, the Martial Law Prosecutor's indefensible decision against a formal investigation was invalidated. The court unanimously decided to initiate, under Law No 353, Article 10, civil action against the officials of the First Department of the Security Directorate on charges that they tortured a man to death during the man's detention."

The First Army Military Court forwarded the file on Onsoy's death to the Martial Law Prosecutor's Office for the necessary procedure.

7244

C80: 4907



## RPP ECONOMISTS EXPRESS VIEWS ON ECONOMY

Ankara YANKI in Turkish 23-29 Jun 80 pp 13-15

[Text] Four former ministers responsible for economic matters in the last RPP [Republican People's Party] government gathered at YANKI's offices last week to debate the proportions of the economic crisis Turkey is going through and the effectiveness of the measures taken by the minority JP [Justice Party]. The former ministers were: Ziya Muezzinoglu [former minister of finance], Hikmet Cetin [former minister of state], Kenan Bulutoglu [former minister of state enterprises] and Teoman Koprululer [former minister of commerce]. Following are their answers to questions:

YANKI: What do you think about the view that countries in crisis must rely primarily on their own efforts as a way out of their economic problems and that foreign aid can only reduce hardships in those efforts?

Muezzinoglu: It is correct. Foreign aid alone is not sufficient to take a country out of its economic crisis. It is the country itself that must primarily make the effort. If we think of foreign aid as indispensable a sound solution to Turkey's problems becomes impossible. Once that option is lost one can only apply recipes prepared abroad. That is what is being done now.

Bulutoglu: Let me add one point here. In handing out aid, the West is trying to get back what it has given before. Thus the trend is toward deferment of old debts. Most of Turkey's problems stem from its obligation to repay these old debts. Otherwise, the new loans will be neither very sizeable nor very significant.

Cetin: In order to extricate itself from this situation Turkey needs to wage a struggle in the economic field similar to the war of liberation. Only with an effort of that magnitude can it extricate itself from this situation. Foreign aid and contributions can only reduce the hardships in this effort.

Koprululer: The activation of indigenous resources in addition to foreign aid is naturally essential for an exit out of the crisis. However, in my opinion, foreign aid is currently used to ward off day-to-day problems.

The problem is lowering inflation and improving the balance of payments. What we see, however, is higher inflation and less revenue from abroad.

YANKI: What do you think about the monetary policy employed by the Demirel government to pull Turkey out of the crisis it is going through? This policy has received favorable response in the West. Is it seen as one of the most effective ways of controlling inflation?

Muezzinoglu: There are three ways to fight the crisis: money-credit policy; foreign trade or currency rate policy; and fiscal policy in taxation. All of these must be used. This government is using only two of them; it is not doing anything in the field of taxation. This is a big mistake for developing countries. Monetarist policy is not a solution; it can only relieve transitory problems; it is useless without a tax reform.

Bulutoglu: Turkey lived beyond its means until the last few years. Now it has to stay within its means. Taxation is very important in this. Failure to collect taxes deepens injustice. Currently, monetary policy is employed without making use of this resource. It is a short-term and transitory policy, but it affects the economic structure. If a consistent monetary policy is applied the amount of other adjustments can be reduced. Now this was a starting point. But you can affect a sudden cut in the money supply only at a cost of high unemployment.

Muezzinoglu: No matter how tough monetary measures are they cannot produce the desired results. Tax reform is absolutely essential. The current policy is bringing the economy to a halt. Maybe it can hold or breeze inflation at a certain level, but demand, exports and production are falling. This policy is turning inflation into cost inflation.

Bulutoglu: Monetary policy is the first path at the outset, but the way it is employed now is causing stagflation and recession. There is inflation plus unemployment and sagging production. If the money supply is not increased there may be a string of bankruptcies. Then the private sector may pressure the government to print money.

Muezzinoglu: Monetary policy is artificial. The state did not pay the 50 billion Turkish liras it owes to its contractors. This cannot go on. There are also subsidy purchases coming. They cannot continue this policy.

Cetin: Monetary policy cannot solve Turkey's fundamental problems, namely inflation, unemployment and an impasse in its balance of payments. Perhaps this monetary policy can stabilize prices at one level, but then the people will be poorer.

Koprululer: Monetary policy is not increasing production. It can not solve the problems. Moreover, it is causing hardship to industry in Anatolia. Those not relying on certain banks are finding themselves in a difficult

position . These will either surrender to large monopolies or will go bankrupt. In my opinion, the government's monetary policy cannot be fully implemented.

Bulutoglu: If tax reform is not instituted or tax revenues not raised this policy will be debilitated. Goods will neither be consumed nor exported.

Interest rates will bind businessmen to high interest levels. They will pressure the government to relax credit restrictions.

Muezzinoglu: High interest rates, in my opinion, will neither spur savings nor will it be helpful to the economy in any other field. Production and investment will not rise when credit gets costlier. There would be more favorable results if interest rates were raised for time deposits only. Now large private banks will be in a more advantageous position compared to state-owned banks. Smaller banks will be in a difficult situation.

Cetin: These high interest rates can only shift investment to high-profit speculative areas.

Koprululer: This decision was probably taken to bring money going to bankers under control. On the other hand, increasing the interest rates would have been sufficient for that purpose. [as published]

YANKI: What are your views concerning the government's stance toward the State Economic Enterprises [KIT]. These enterprises can now freely set the prices of the goods they produce so that their deficits, a drain on the treasury, can be eliminated and that they stop being sources of inflation. The dominant view in the West is that this will have a favorable influence on the economy.

Cetin: We have a different viewpoint on this issue. Ours is a long-term viewpoint with social implications covering the development and industrialization and planned development. If they have not been well utilized so far it is not their fault. It is the fault of the governments which could not make them function properly. The government assigns them a function and makes them invest. That is where deficits stem from. If the KITs do not invest their deficit will be largely eliminated. Now the government is doing away with this function reserved for KITs. The issue is ideological. Turkey's industrialization is being obstructed.

YANKI: Are there not administrative problems?

Cetin: Of course there are. But the decisions taken certainly will not solve them. The solution does not lie in raising prices alone. Other problems must also be solved, including higher employment.

Muezzinoglu: The financing of the KITs as part of public financing is seen as the source of inflation. The KITs have a function. When the government cannot generate sound resources and pass them on to KITs criticism is leveled. Higher prices are not the way out. Because there are very close

relations among the KITs. They generate investment and produce semifinished goods. The true reason behind the problem is different. The fight is over division of resources, a fight over the division of the resources of the Central Bank. The private sector has its own bank; the KITs do not have one. They cannot find credit on the free market. Look; in this latest JP period, when it was perceived that credit has been tightened, the Central Bank provided the private sector with an additional credit of 52 billion Turkish liras.

Let me state that the KITs will not be shut down despite the price hikes. The KITs must also be used as a means for employment. The Justice Party government never reduced the number of workers.

Bulutoglu: The administrative defects in the KITs were brought about by the JP. The KIT subsidies were used for the private sector. There was a practice of double pricing. Now it is good that they did away with this. They should continue it. Raising the prices means that the people are billed for bad administration. The price hikes must not exceed the rise in the CIF price of imported goods. But here we see that things have been overdone. The THY Turkish Airlines is a good example. The planes fly virtually empty. Nothing was done to remedy bad administrations. The deficits will continue, the KITs will be given a "bad" name and then they will be turned over to the private sector contravening the mixed economic system. This is the whole purpose.

YANKI: What do you think about the unexpected devaluations of Turkish currency in accordance with the rate of inflation and whenever it is necessary by scientific standards?

Muezzinoglu: The value of currency cannot be held constant wherever there is inflation. A flexible exchange rate system is imperative. This can take the form of devaluation or differential exchange rates. On the other hand, under this government the devaluation rate was too high and it was done too often. As for results, neither exports nor production rose; because of an ever-present psychology of anticipated devaluation no benefits were ever derived. Other measures should also have been taken. Now money is flowing abroad or staying abroad.

Bulutoglu: A flexible exchange rate is also essential to attract remittances from workers abroad. However, devaluation is useless unless inflation at home is brought to a halt. It was also a mistake to permit the keeping of funds in foreign accounts. On the other hand, I find it essential that the Protection of Turkish Currency Act be reviewed and that aspects of it hampering export incentives be remedied.

Koprululer: I too agree about the necessity for a flexible exchange rate, but the practice in effect today is far different from what we were doing. There is a daily anticipation of a new devaluation, which is very bad. There have been no auxiliary measures either. The IMF is proposing devaluation

at the same rate as inflation. But devaluations are insufficient without finding new markets, without increasing production and without finding ways of bringing foreign exchange home clear from the black market. Also it was a mistake to rescind the practice of export registration, to permit the keeping of up to \$40,000 of export revenues in foreign accounts and to revoke the facilities permitting the exporters to use 50 percent of the foreign exchange earned from exports to socialist countries for their individual needs. Since adequate measures are not taken each devaluation is itself becoming a source of inflation.

Cetin: This is part of the practice of using foreign recipes for Turkey's problems without taking into account Turkey's peculiar conditions...an uncertain environment in which there is continuous anticipation. [as published] In my opinion a multi-tiered exchange rate system would be much better. Foreign worker remittances are very sensitive to that. We can see; the measures taken were of no use in this matter.

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